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City of Providence, Rhode Island Office of the Internal Auditor

October 13, 2015

Councilman Samuel D. Zurier
 Chairman, Committee on Claims & Pending Suits
 City of Providence
 25 Dorrance Street
 Providence, RI 02903

Dear Chairman Zurier:

As you requested, I have made budget/financial projections based upon various potential outcomes associated with the current litigation concerning the change to three fire platoons.

Scenario #1: FY2016 year-end expenditure projections for fire department budget based upon current conditions.

Expenditure Category	Approved Budget	Actual Thru 10/9/15 (7 pay periods)	Projection (19 pay periods)	Year-End Projection	Projected Variance (overage)
Salaries	\$30,052,648	\$8,427,084	\$20,104,784	\$28,531,867	\$1,520,781
Overtime	672,336	21,565	58,533	80,098	592,238
Callback	5,027,621	3,075,761	6,658,990	9,734,751	(4,707,130)
Other	4,570,903	597,471	3,196,329	3,793,801	777,102
	<u>\$40,323,508</u>	<u>\$12,121,880</u>	<u>\$30,018,636</u>	<u>\$42,140,516</u>	<u>(\$1,817,008)</u>

- Assumptions/Notes:
 - Savings of \$1,383,640 has been incorporated into this year-end projection for salaries due to department not holding a fire training academy. The savings from salaries budgeted for the academy is \$653,240, while the additional \$753,400 is from budgeted salaries for the period April through June 2016 for 55 new firefighters.
 - 8.0% salary increase has been incorporated into year-end projections.
 - This projection assumes that the number of Injured-On-Duty (IOD) will remain fairly constant and there will be only three retirements during the fiscal year.

- “Other” salaries includes: Temporary Salaries, Holiday, Longevity, Differential, Educational Incentive and Stipends.
- As of October 6, there were 50 firefighters classified as Injured on Duty (IOD), 27 fire fighters on IOD-Light Duty, and 8 fire fighters out and waiting upon a pension approval.
- As of October 6, the fire department’s Table of Organization was 394 firefighters. When one considers that 27 positions are assigned to Administration, the Fire Prevention Bureau, or the Bureau of Communications and are not counted toward the minimum manning requirement of 94 per shift and that 85 firefighters are out of work due to IOD, IOD-Light Duty or Awaiting Pension, there were only 94 firefighters available per shift.
- Based upon data from 1979 to present, the average age of a firefighter at retirement is 51 with an average of 25 years of service. As of September 8th, 78 firefighters met or exceeded these averages.

Scenario #2: What is the cost should an arbitrator rule that the City must pay firefighters retroactively time and a half for all hours worked in excess of an average of 42 hours per week and what is the projected total cost for FY2016 of the 8.0% salary increase?

# of Positions	Job Title	Avg. Hrly Rate	Average Overtime Rate	14 Hours per Week	Total By Job Title per week	48 Weeks
2	Dept Asst Fire Chief	\$47.63	\$71.45	\$1,000.30	\$2,001	\$96,029
5	Battalion Chief	43.46	65.19	912.64	4,563	219,033
20	Captains	35.68	53.52	749.32	14,986	719,346
8	Rescue Captains	35.90	53.85	753.91	6,031	289,502
64	Lieutenants	32.89	49.33	690.68	44,203	2,121,766
17	Rescue Lieutenants	33.12	49.68	695.55	11,824	567,571
224	Firefighters	27.16	40.73	570.26	127,738	6,131,431
27	Rescue Technician	31.64	47.46	664.49	17,941	861,180
					Total	\$11,005,858
					8% Paid (Projected)	(\$1,402,016)
					Net	\$9,603,842

▪ Assumptions/Notes:

- The number of positions and the average hourly rate shown above are based upon the department’s actual payroll as of September 25, 2015.
- The above projections are based upon the potential retroactive costs associated with an additional 14 hours per week.
- This projection assumes that all hours above the average of 42 hours per week – regardless of scheduled hours credited (i.e., sick, vacation, personal, and etc.) – will be paid at 1.5 times salary.

- The 8.0% salary increase that the Administration provided to the firefighters is projected at year-end to total \$1,402,016. It is possible the amount paid for the 8.0% will be netted from the above projected retroactive pay.
- Since August 2nd, overtime has been paid on an hourly rate that includes the 8.0% salary increase.

Scenario #3: What is the year-end projection assuming the city pays firefighters retroactively for the fiscal year based on the prior salary (before the 8.0% increase) with straight time for all hours in excess of an average of 42 per week?

# of Positions	Job Title	Avg. Hrly Rate	Per Week (11 hrs.)	Total Paid Per Wk	11 Hrs. Straight (48 Weeks)	3 Hrs./Wk. OT
2	Dept Asst Fire Chief	\$47.63	\$523.97	\$1,047.93	\$50,301	\$20,578
5	Battalion Chief	43.46	478.05	2,390.25	114,732	46,936
20	Captains	35.68	392.50	7,850.01	376,800	154,146
8	Rescue Captains	35.90	394.91	3,159.25	151,644	62,036
64	Lieutenants	32.89	361.78	23,154.20	1,111,401	454,664
17	Rescue Lieutenants	33.12	364.34	6,193.73	297,299	121,622
224	Firefighters	27.16	298.71	66,910.45	3,211,702	1,313,878
27	Rescue Technician	31.64	348.07	9,397.79	451,094	184,538
					\$5,764,973	\$2,358,398
Total (Straight & OT)					\$8,123,372	
8% Paid (Projected)					(\$1,402,016)	
Net Projection					\$6,721,355	

- Assumptions/Notes:
 - The above projections are based upon the potential retroactive costs associated with an additional 11 hours per week (hours #43 through #52). Payment for hours #53 through 56 are paid at 1.5 times salary in accordance with the Federal Labor Standards Act (FLSA).
 - The number of positions and the average hourly rate shown are based upon the department's actual payroll as of September 25, 2015.

Scenario #4: What is the year-end projection assuming the city pays the firefighter a 10% salary increase versus an 8.0% increase?

Projections @	Fiscal 2016	
	Projected Callback	Projected Salaries
10% Increase	\$9,904,964	\$1,818,439
8% Increase	\$9,734,751	\$1,402,016
Net Increase	\$170,213	\$416,423
Total Net Increase	\$586,636	

- Should city increase the additional pay to firefighters for working the three-platoon schedule to 10.0% from the current 8.0% increase, the fire department's salary costs will increase by approximately \$587,000. Thus, the projected year-end over expenditure to the fire department's salary would increase to approximately \$2.4 million.

I hope this information is helpful to you and the Committee. If you would like additional information, please let me know.

Sincerely,



Matthew M. Clarkin, Jr.
Internal Auditor

Cc: Committee Members
City Council Members
Yvonne Graf, Chief of Staff – City Council
James Lombardi, City Treasurer/Special Advisor to the City Council