

Lawrence J. Mancini
Finance Director



Jorge O. Elorza
Mayor

Finance Department
"Building Pride In Providence"

October 13, 2016

Councilman John Iglizzi,
Chairman, Committee on Finance
C/O City Clerk's Office
Providence City Hall

Providence, R.I. 02903

Dear Chairman Iglizzi:

We hereby present, for your consideration, the fiscal note pertaining to the proposed Local 799, International Association of Firefighters agreement for Fiscal Years 2018-2022 and Resolution of the Wage Re-opener provision for FY17.

The City expects to realize approximately \$14,699,194 in contract savings for the duration of the contract period. The substantive areas of the contract can be summarized in the following categories: Staffing, Wages, Management flexibility, and Benefits, including Health Care.

1. Staffing:

a. Minimum Manning Clause:

The contract calls for reduction in the minimum manning from 94 to 88 commencing on or around October 29, 2016 or as soon as practical thereafter, allowing for City Council ratification.

Based upon an approximate savings of \$125,000 per position x 4 platoons x 6 position reductions in minimum manning, these changes will save:

in FY 2018	\$ 3,060,000
in FY 2019	\$ 3,121,200
in FY 2020	\$ 3,191,427
in FY 2021	\$ 3,279,191
in FY 2022	<u>\$ 3,393,963</u>
Total Savings due to reduction in minimum manning	\$ 16,045,781

(Please note: There is expected to be an additional savings in FY17 of \$1,961,538 due to the expected start date of November 1, 2016)



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b. Winter Minimum Manning:

The contract calls for the elimination of the Winter Minimum Manning requirement for Fiscal Years 2018-2022.

This change will save \$100,000 annually, for a total contract savings of: **\$500,000**

2. 4-Platoon Schedule:

a. Return to the 4-Platoon Schedule:

The return to the 4 platoon work schedule will take effect on October 30th, 2016. The department will be going to a 24-48-24-96 hour work schedule.

b. Penalty clause for return to 3-platoon workweek:

Should the city revert back to the 3-platoon /56 –hour workweek during the course of this agreement, then in consideration for the changes set forth in this agreement, the City agrees to compensate each member affected by the change one year's salary within fourteen (14) days of the change. Should this action occur, this will cost the City \$21,967,420 in FY 2017 once the 2% salary increase takes effect. This will escalate each year based upon the annual percentage increases to the base salary.

c. Overtime provision:

The City will pay overtime in accordance with Article VI of the CBA, as it was paid to August 2, 2015 without prejudice to the claims of the parties as to say payment subsequent to August 2, 2015.

3. Health Care:

a. Health Co-Share rates:

i. FY 2018: \$1,347 (individual)/\$2,746 (family) annual savings	\$ 157,021
ii. FY 2019: \$1,387 (individual)/\$3,182 (family) annual savings	\$ 354,550
iii. FY 2020: \$1,429 (individual)/\$3,642 (family) annual savings	\$ 537,530
iv. FY 2021: \$1,530 (individual)/\$3,899 (family) annual savings	\$ 650,615
v. FY 2022: \$1,591 (individual)/\$4,055 (family) annual savings	<u>\$ 719,215</u>
Total Medical Co-Share Savings	\$ 2,418,931



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b. Dental Co-Share rates:

i. FY 2018: \$43.16 (individual)/\$133.05 (family) annual savings	\$ 41,000
ii. FY 2019: \$44.88 (individual)/\$138.37 (family) annual savings	\$ 41,500
iii. FY 2020: \$46.68 (individual)/\$143.81 (family) annual savings	\$ 42,000
iv. FY 2021: \$48.54 (individual)/\$149.66 (family) annual savings	\$ 42,500
v. FY 2022: \$50.49 (individual)/\$155.65 (family) annual savings	<u>\$ 43,000</u>
Total Dental Co-Share Savings	\$ 210,000

4. Salary for Firefighters:

<i>Salary Schedule</i>	<i>Annual Change</i>	<i>Cumulative</i>
<i>Salary for Firefighters</i>		
a. Effective July 1, 2017 2.00% base salary increase FY 2018 cost	\$950,891	(\$ 950,891)
b. Effective July 1, 2018 2.25% base salary increase FY 2019 cost	\$509,515	(\$ 1,460,406)
c. Effective July 1, 2019 2.25 % base salary increase FY 2020 cost	\$506,117	(\$ 1,966,523)
d. Effective July 1, 2020 2.75 % base salary increase FY 2021 cost	\$632,505	(\$ 2,599,020)
e. Effective July 1, 2021 3.25 % base salary increase FY 2022 cost	\$827,144	<u>(\$ 3,426,172)</u>
Total cost for wage increase over contract period		(\$ 10,403,012)

(Due to a FY17 wage reopener there will be an increase in FY17 of \$225,683, representing a 2% base salary increase effective January 1, 2017.)

5. Salary for Firefighters:

<i>FF2 & FF3 Rate Change</i>	
a. FY 2018 - \$134,847 savings	\$ 134,847
b. FY 2019 - \$278,064 savings	\$ 278,064
c. FY 2020 - \$296,890 savings	\$ 296,890
d. FY 2021 - \$411,311 savings	\$ 411,311
e. FY 2022 \$612,690 savings	<u>\$ 612,690</u>
Total savings for FF2 and 3 raise change over contract period	\$ 1,733,802

6. Clothing Provision:

The elimination of the clothing clause will allow management to issue clothing to only those members that require uniform replacement. It eliminates the annual replacement issue.

This change in benefits will save the City \$63,835 annually for a total contract savings of: \$ 319,175



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7. Retiree Health Care:

a. Retiree Health Co-Share Rates:

Employees shall pay a health co-share in retirement equivalent to one-half of their health co-share in effect at the time of retirement.

i. FY 2018 Savings	\$ 27,000
ii. FY 2019 Savings	\$ 62,000
iii. FY 2020 Savings	\$ 102,000
iv. FY 2021 Savings	\$ 144,000
v. FY 2020 Savings	\$ 189,000
Total Contract Savings	\$ 524,000

b. Additional Retiree Health Care Provision:

Retiree co-share shall continue for life, including post-Medicare, net of Medicare Part B costs.

For example, if a retiree is paying one-half of \$4,055 (or \$2,027.50) as a health co-share in retirement, then upon becoming Medicare eligible, the retiree's \$2,207.50 health co-share shall be reduced by the retiree's annual payment for Medicare Part B. Therefore, for illustrative purposes only, if such retiree's Medicare Part B payment is \$121.80 per month or (\$1,461.60 per year), and then such retiree's Post-Medicare Co-Share to the City will be \$565.90.

As another example, if a retiree is paying one-half of \$1,591 (or \$795.50) as a health co-share in retirement, then upon becoming Medicare eligible, the retiree's \$795.50 health co-share shall be reduced by the retiree's annual payment for Medicare Part B. Therefore, for illustrative purposes only, if such retiree's Medicare Part B payment is \$121.80 per month (or \$1,461.60), and then such retiree's Post-Medicare Co-Share to the City will be \$0.

8. Item H Proposal for new hires:

It is anticipated that the department will be hiring 80 new firefighters within the next year. Additionally, it is probable that another 70 will be hired in the next few years due to mandatory and attrition. Anticipated savings due to the new accrual of Item H days is expected to be \$283,417 in FY18, \$ 373,769 in FY19, \$213,727 in FY20, \$150,000 in FY21 and \$80,000 in FY22.

Total savings for the contract period FY 2018 – FY 2022 **\$ 1,100,913**



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9. Holidays:

The contract calls for the elimination of Rhode Island Independence Day as a holiday for calendar years 2018-2022. This will save the City \$113,724 in FY 2018, 115,965 in FY 2019, \$130,594 in FY 2020, \$133,512 in FY 2021 and \$137,177 in FY 2022.

Total savings for the 5 year agreement: \$ 630,972

10. Compensation Time – Effective January 1, 2017:

Effective January 1, 2017, or as soon as practical thereafter, the City will permit firefighters to accrue up to a total of seventy-two (72) hours of compensatory time in lieu of receiving overtime pay (*i.e.*, this equates to up to a total of forty-eight (48) hours of overtime banked as seventy-two (72) hours of compensation time). At no time shall a firefighter have more than seventy-two (72) hours of accrued compensation time. Firefighters shall not use their accrued compensation time if it results in the City making any payment of overtime through a callback or a holdover. The City and the Union hereby agree that the use of compensation time under such circumstances would unduly disrupt the operations of the Fire Department, and the City and the Union hereby commit to advancing this argument in any action filed pursuant to the federal Fair Labor Standards Act.

It is anticipated that this Compensation Time plan will generate savings for the period FY 2018 – FY 2022: \$ 1,618,640

No savings has been booked for FY 2017.

Grand Total of net savings of all contract provisions: \$ 14,699,194
(See Accompany Table of Savings / (Costs))

11. Miscellaneous:

- a. One year probationary period.
- b. Light duty cap raised to 25 – Item A's excluded. (*This item will result in additional savings to be determined.*)
- c. Item H capped at twenty. (*This item will result in additional savings to be determined.*)
- d. Consideration of a 24-hour shift within a 4-platoon / 42-hour workweek construct for a test period of up to 12 months. (*This item will result in additional savings to be determined.*)
- e. No elevation to FF/2 without EMT-C certification.
- f. New hires shall obtain a CDL and maintain their CDL as a condition of employment. Firefighters must obtain their CDL certification within one year of appointment. Training and testing for the CDL will be provided during the academy.

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- g.* Require all communications between promotional testing agency and Fire Department to be in writing only when ordering and administering a promotional test.
- h.* City cannot use the contracted physician that is uses for annual physicals for an IME.
- i.* Light duty assignment by mutual agreement between the Fire Department and the Union.
- j.* Extend length of light duty to 18 months.

Thank you for your consideration and should you have any questions, please feel free to contact me to discuss.

Respectfully Submitted;

Lawrence J. Mancini
Finance Director

Robin A. Muksian
Chief Operating Officer/
Director of Administration

Steven M. Paré
Commissioner of Public Safety

Jeffrey Dana
City Solicitor

CC: Mayor Jorge O. Elorza
Council President Luis A. Aponte
Council Majority Leader Bryan Principe
Nicole Pollock, Chief of Staff - Mayor Elorza
Syd McKenna, Chief of Staff - City Council
James J. Lombardi III, City Treasurer and Senior Advisor to City Council
Matthew M. Clarkin, Jr., Internal Auditor



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The Following Table Summarizes the Savings and (Costs) Between The City of Providence and LOCAL 799 IAFF (AFL-CIO) Agreement						
	Savings / (Costs)					
Description	FY18	FY19	FY20	FY21	FY22	Total
Minimum Staffing - Reduction of minimum manning from 94 to 88	\$ 3,060,000	\$ 3,121,200	\$ 3,191,427	\$ 3,279,191	\$ 3,393,963	\$ 16,045,781
Minimum Staffing - Elimination of Winter Overtime	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
Health Care - Medical Co- Shares	\$ 157,021	\$ 354,550	\$ 537,530	\$ 650,615	\$ 719,215	\$ 2,418,931
Health Care - Dental Co- Shares	\$ 41,000	\$ 41,500	\$ 42,000	\$ 42,500	\$ 43,000	\$ 210,000
Salary for Firefighters						
Effective July 1, 2017	\$ (950,891)					\$ (950,891)
Effective July 1, 2018	\$ (950,891)	\$ (509,515)				\$ (1,460,406)
Effective July 1, 2019	\$ (950,891)	\$ (509,515)	\$ (506,117)			\$ (1,966,523)
Effective July 1, 2020	\$ (950,891)	\$ (509,515)	\$ (506,117)	\$ (632,505)		\$ (2,599,028)
Effective July 1, 2021	\$ (950,891)	\$ (509,515)	\$ (506,117)	\$ (632,505)	\$ (827,144)	\$ (3,426,172)
Total Salaries						\$ (10,403,020)
Salary for Firefighters - FF2 & FF3	\$ 134,847	\$ 278,064	\$ 296,890	\$ 411,311	\$ 612,690	\$ 1,733,802
Clothing Provision	\$ 63,835	\$ 63,835	\$ 63,835	\$ 63,835	\$ 63,835	\$ 319,175
Retiree Health Care	\$ 27,000	\$ 62,000	\$ 102,000	\$ 144,000	\$ 189,000	\$ 524,000
Item H Proposal for New Hires	\$ 283,417	\$ 373,769	\$ 213,727	\$ 150,000	\$ 80,000	\$ 1,100,913
Holidays - Elimination of Rhode Island Independence Day	\$ 113,724	\$ 115,965	\$ 130,594	\$ 133,512	\$ 137,177	\$ 630,972
Compensation Time (Effective 1-1-17)	\$ 667,742	\$ 264,486	\$ 264,486	\$ 264,486	\$ 157,440	\$ 1,618,640
Total	\$ 3,697,695	\$ 3,314,963	\$ 2,975,966	\$ 2,640,422	\$ 2,070,148	\$ 14,699,194