



Peder Schaefer
Finance Director

Frank J. Picozzi
Mayor

CITY OF WARWICK
FINANCE DEPARTMENT
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Mayor Frank J. Picozzi
Warwick City Hall
3275 Post Rd.
Warwick, RI 02886

November 29, 2022

Dear Mayor,

Pursuant to the Code of Ordinances, Section 2-18, I have prepared the following fiscal note on the tentative collective bargaining agreement between the City of Warwick, and the International Association of Firefighters, Local 2748 for the period July 1, 2022 to June 30, 2025.

I have identified six direct compensation cost components with material fiscal impact as presented in the following table. There are also potential savings in the last year of the contract relating to employee OPEB contributions at 2% of pay. Receipt of these employee contributions would reduce required city appropriations. Execution of this provision on January 1, 2025 is dependent on agreement by the other city bargaining groups on similar provisions.

IAFF Contract Warwick Fiscal Note		FY 23 Base	FY 23 @ 2.50%	FY 24 @ 3.875%	FY 25 @ 3.875%
Compensation					OPEB
All Uniformed Fire		\$16,825,865			
Non-Union Management		\$364,625			
IAFF - Fire		\$16,461,240	\$16,872,771	\$17,526,591	\$18,205,746
\$ Increase			\$411,531	\$653,820	\$679,155
1	Vacancy Rate @ 4%		\$395,070	\$627,667	\$651,989
2	Holiday, and Sick	\$1,264,921	\$31,623	\$50,241	\$52,188
3	Overtime	\$4,200,000	\$105,000	\$166,819	\$173,283
4	Social Security		\$29,670	\$47,138	\$48,964
5	Retirement Contribution		\$116,427	\$184,973	\$192,141
6	OPEB Contribution				-\$182,057
Total Cost - Fire Contract			\$677,790	\$1,076,838	\$936,508
Cumulative Cost			\$677,790	\$1,754,628	\$2,691,136

The regular compensation base assumes a 4% vacancy rate. Overtime projections assume a base of \$4.2 million (over \$1.2 million greater than budgeted for FY 2023) with the new compensation rates applied to that base. The social security and retirement contribution cost increases would affect the employee benefits budget. In the event that the city is unable to negotiate OPEB contributions from the other groups, the last year cost would be \$877,460, and cumulative costs would increase by \$182,057.

There are several other provisions in the contract with less significant costs associated with them. This includes:

- Educational expenses of \$5,000 (Annual department cap increased from \$20,000 to \$25,000).
- Training and Fire Academy time (Annual department cap increased from \$1,000 to \$1,500), or \$500 per year.
- A \$50 increase in the annual clothing allowance (From \$1,000 to \$1,050). This would be an annual cost of around \$10,000.
- Required availability of cancer screening. (\$31,000 in FY 24).
- Additional training for special hazards. (\$25,000 in FY 23).

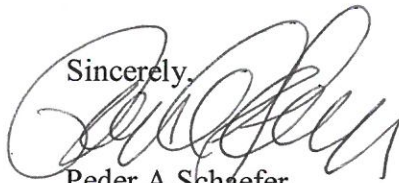
The following table records those costs and summarizes all compensation and language costs.

Language	FY 23	FY 24	FY 25
Educational Expenses	\$5,000	\$5,000	\$5,000
Training and Fire Academy	\$500	\$500	\$500
Annual clothing allowance	\$10,000	\$10,000	\$10,000
Cancer Screening		\$31,000	
Special Hazards	\$25,000		
Total Language Costs	\$40,500	\$46,500	\$15,500
Compensation and Language	\$718,290	\$1,123,338	\$952,008
Cumulative Costs	\$718,290	\$1,841,628	\$2,793,636

I also reviewed other language changes in the proposed contract as compared with existing language and determined that there were no additional costs associated with:

- Rescue staffing.
- Promotional exams.
- Creation of a reorganized Specialist Division.
- A change in battalion chief vacation restrictions.
- New language on medical and prescription cost sharing which caps cost sharing increases to 5% and increases the maximum out of pocket costs for prescriptions. The same provision already applies in the Police contract. There is no cost unless the working rate increases by more than 5%.
- A change in the death benefit to an amount not to exceed \$10,000 for funeral expenses for members killed in the line of duty. This compares with \$5,000 currently paid to a designated beneficiary. There have been no "in line of duty" deaths in recent years.

In summary, the table on the second page summarizes the annual and cumulative costs of the tentative contract to be considered by the City Council.

Sincerely,

Peder A Schaefer
Finance Director