

RESOLUTION OF THE CITY COUNCIL

No. 143

Approved March 23, 2017

RESOLVED, That the accompanying copy of the Collective Bargaining Agreement by and between the City of Providence, Rhode Island and Lodge #3 Fraternal Order of Police, for the period of July 1, 2015 through June 30, 2016 and July 1, 2016 through June 30, 2019, is hereby approved and ratified by the Providence City Council.

IN CITY COUNCIL

MAR 22 2017
READ AND PASSED
PRES.
CLERK

I HEREBY APPROVE.

Mayor
Date: 3/23/17



CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

December 2, 2016

HAND DELIVERED

Honorable Luis Aponte
President
Providence City Council
Providence City Hall
Providence, RI 02903

Re: Providence Lodge #3 Fraternal Order of Police

Dear President Aponte,

Please find enclosed for Council ratification the most recent Tentative Agreement by and between the City of Providence and the Providence Lodge #3 Fraternal Order of Police, for the period of July 1, 2015- June 30, 2016 and July 1, 2016-June 30, 2019

Sincerely,

A handwritten signature in black ink, appearing to read "Robin A. Muksian".

Robin A. Muksian
Chief Operating Officer/Director of Administration

Enclosure

CITY SOLICITOR'S OFFICE

444 Westminster Street, Suite 220, Providence, Rhode Island 02903

401 680 5333 ph | 401 680 5520 fax

www.providenceri.com

JULY 1, 2015-JUNE 30, 2016 COLLECTIVE BARGAINING AGREEMENT

and

JULY 1, 2016-JUNE 30, 2019 COLLECTIVE BARGAINING AGREEMENT

by and between

THE PROVIDENCE LODGE #3, FRATERNAL ORDER OF POLICE

and

THE CITY OF PROVIDENCE, RHODE ISLAND

TENTATIVE AGREEMENT

This *Tentative Agreement* is made and entered into this _____ day of _____, 2016 by and between the CITY OF PROVIDENCE ("City") and the PROVIDENCE LODGE #3, FRATERNAL ORDER OF POLICE ("FOP"). This *Tentative Agreement* concerns, conjunctively, the following agreements made between the parties with respect to the following two (2) separate and distinct Collective Bargaining Agreements:

1. The resolution of an Amendment to the Collective Bargaining Agreement by and between the parties dated July 1, 2015 to June 30, 2016 with respect to the Wage Reopener provision set forth in Article XIII, Section 1 ("Salaries"), Subsection (A) ("Salary Scale") of said Collective Bargaining Agreement; and
2. The resolution of a successor Collective Bargaining Agreement by and between the parties in effect between July 1, 2016 and June 30, 2019.

WHEREAS, the parties have conducted good faith negotiations pursuant to R.I.G.L. §28-7 *et seq.* and §28-9.2 *et seq.*;

WHEREAS, the parties' negotiations have resulted in this *Tentative Agreement* forming the basis for the following separate and distinct agreements: (a) agreement upon an Amendment to the parties' July 1, 2015 to June 30, 2016 Collective Bargaining Agreement concerning the salary increase awarded to the members of the FOP from the Wage Reopener provision set forth in Article XIII, Section 1 ("Salaries"), Subsection (A) ("Salary Scale") of said

Collective Bargaining Agreement (the "2015-2016 CBA Wage Reopener"); and (b) agreement upon the successor July 1, 2016 to June 30, 2019 Collective Bargaining Agreement (the "2016-2019 CBA");

WHEREAS, this *Tentative Agreement* and thus the amended 2015-2016 Collective Bargaining Agreement and new 2016-2019 Collective Bargaining Agreement resulting therefrom are subject to ratification by both the City's and the FOP's authorized ratifying bodies;

WHEREAS, the final ratification of this *Tentative Agreement* and thus of the amended 2015-2016 Collective Bargaining Agreement and new 2016-2019 Collective Bargaining Agreement resulting therefrom shall result in the settlement and dismissal of all Interest Arbitration proceedings pending between the parties; and

WHEREAS, the parties hereto desire to codify their Agreement and be bound by the same.

THEREFORE, the parties agree as follows:

I. "WAGE REOPENER" AMENDMENT TO THE PARTIES' JULY 1, 2015 – JUNE 30, 2016 COLLECTIVE BARGAINING AGREEMENT:

TA #1: **Article XIII, Section 1: "Salaries", Subsection (A): "Salary Scale".**

- Amend Article XIII, Section 1 as follows:

- The following Salary Increase shall be implemented for all members of the bargaining unit:

- **7/1/15:** **1% salary increase**

*(Including full retroactive salary payments as of 7/1/15 on all sources of payments, including Overtime Pay, Callback Pay, Detail Pay, etc. ... Retroactive Detail Pay owed to members may be paid from the Police Department Detail Administration Fund)

II. ESTABLISHMENT OF THE PARTIES' JULY 1, 2016 – JUNE 30, 2019 SUCCESSOR COLLECTIVE BARGAINING AGREEMENT:

TA #1: Article III, Sections 1 through 8 – (Beats and Posts):

- The parties have agreed to update and amend various terms, conditions and provisions set forth in Article III, Sections 1-8 where applicable, predominantly in Section 5 with respect to the assignment of "Beats and Posts" in the Patrol Bureau.

TA #2: Article IV, Section 2 – (Promotion Procedures – Service Date):

- The parties have agreed to amend the Promotional Procedure "Service Date" requirements.

TA #3: Article IV, Section 3 – (Promotion Procedures – Years in Service):

- The parties have agreed to amend the Promotional Procedure "Time in Rank/Years in Service" requirements.

TA #4: Article IV, Section 3 – (Promotional Examination Procedures):

- The parties have agreed to continue to meet and negotiate in good faith in order to further their discussions concerning updating and amending the Promotional Examination Procedures set forth throughout Article IV, Section 3 (and elsewhere as applicable), including but not limited to the formation of and requirements of the written examinations. With respect to this Promotional Examination Procedures matter only, the parties further specifically agree to the following:

1. Negotiations.

The parties shall continue to meet and negotiate for a period of no more than one (1) year subsequent to the date of the execution of this **2015-2016 and 2016-2019 Tentative Agreement** in an attempt to reach a written mutual "Promotional Examination tentative agreement" (subject however to ratification thereafter by each party's authorized ratifying bodies); and in the event said 1-year period expires without a written mutual "Promotional Examination tentative agreement" between the parties, then EITHER:

- (a) the parties may by mutual written agreement continue to meet and negotiate for an additional specified period of time, OR

(b) the parties shall refer the matter to non-binding Mediation (as described in Section 2 below).

2. **Non-Binding Mediation.**

In the event the parties are unable to reach a final and binding "Promotional Examination tentative agreement" through the negotiation process (including ratification by each party's authorized ratifying bodies); the parties shall seek mutual settlement of the matter through non-binding Mediation with a Mediator agreed upon by the parties or selected through either the *Labor Relations Connection* or the *American Arbitration Association* in accordance with said entity's standard Mediation Rules.

3. **Tentative Agreement.**

In the event the parties successfully reach a written mutual "Promotional Examination tentative agreement" at any time through the negotiation or mediation process, such tentative agreement shall be subject to ratification thereafter by each party's authorized ratifying body; PROVIDED HOWEVER that if either one of the party's authorized ratifying bodies rejects/fails to approve said proposed "Promotional Examination tentative agreement", then the remainder of this overall **2015-2016 and 2016-2019 Tentative Agreement** shall remain unaffected and in full force and effect.

4. **Interest Arbitration.**

In the event the parties are unable to reach a final and binding "Promotional Examination tentative agreement" through the Mediation process within one (1) year from the commencement of the Mediation process; then the disputed issues shall be submitted to Interest Arbitration with an Arbitrator selected through either the *Labor Relations Connection* or the *American Arbitration Association* in accordance with said entity's standard Interest Arbitration Rules.

TA #5: Article VI, Section 7 – (Police Training):

- The parties have agreed to update and amend the Police Officer Training Procedures.

TA #6: Article IV, Section 9 (NEW Section) – (Compensatory Time):

- The parties have agreed to implement a new Section in the CBA regarding the accrual, use, and requirements of Compensatory Time off, when applicable.

TA #7: Article VII, Section 5 – (Paid Holidays):

- The parties have agreed to permanently eliminate **Rhode Island Independence Day** (May 4 of each year) as a paid Holiday, effective as of 7/1/16.

TA #8: Article VIII, Section 1 – (Clothing Allowance – Police Equipment List):

- The parties have agreed to update and amend the Police Officer Uniform and Equipment List.

TA #9: Article VIII, Section 2 – (Clothing and Equipment Maintenance Allowance):

- The parties have agreed to amend the current \$1,000 Clothing and Maintenance Allowance payment as follows:

- For members of the bargaining unit hired as full-time Police Officers prior to September 1, 2016, the Clothing and Maintenance shall be **\$900 per year**, effective as of 7/1/16 and thereafter.
- For members of the bargaining unit hired as full-time Police Officers on or after September 1, 2016, the Clothing and Maintenance shall be **\$500 per year**, effective as of 7/1/16 and thereafter.

* This provision shall not affect the payment of the \$200.00 non-uniform Clothing Allowance set forth in Article VIII, Section 1.

TA #10: Article IX, Section 1 – (Sick Leave Days):

- The parties have agreed to amend the current annual Sick Leave Days allotment as follows:
 - A. If as of July 1st or January 1st of each Contract Year, the Providence Police Department's FOP bargaining unit member manpower level falls below 435 members (i.e. 434 members and below), then all members of the bargaining unit shall be allotted **15 Sick Leave Days per year** (pro-rated at 6 month intervals).
 - B. If as of July 1st or January 1st of each Contract Year, the Providence Police Department's FOP bargaining unit member manpower level remains at or above 435 members, then members of the bargaining unit shall be allotted the following number of Sick Leave Days per year (pro-rated at 6 month intervals).
 - Members of the bargaining unit hired as full-time Police Officers prior to September 1, 2016 shall be allotted **13 Sick Leave Days per year**.

- Members of the bargaining unit hired as full-time Police Officers on or after September 1, 2016 shall be allotted **10 Sick Leave Days** per year.

* The above-stated bargaining unit manpower numbers shall be determined as of July 1 and January 1 of each Contract Year, and shall include all full time members of the bargaining unit regardless of status (i.e. regardless of IOD, suspension, military leave, sick leave, etc.) ... in order to determine the allotted Sick Leave Days for the subsequent 6-month period.

TA #11: **Article IX, Sections 1 and 3 – (Sick Leave Days Accrual and Severance Pay):**

• The parties have agreed to amend the current Sick Leave Day Accrual and Severance Payment amounts as follows:

- Effective as of 7/1/16 and thereafter, Members of the bargaining unit hired as full-time Police Officers prior to September 1, 2016 may accumulate for Severance Pay purposes and receive Severance Payment for a maximum of 140 Sick Leave Days (i.e. may be paid for up to **140 Sick Leave Days** upon separation from service).

* PROVIDED HOWEVER, effective as of July 1, 2016, any Members who had accrued in excess of 140 Sick Leave Days for Severance Pay purposes shall NOT lose said excess Severance Pay days and shall still receive Severance Pay for such excess days upon his/her future separation from service.

- Effective as of 7/1/16 and thereafter, Members of the bargaining unit hired as full-time Police Officers on or after September 1, 2016 may accumulate for Severance Pay purposes a maximum of 140 Sick Leave Days but may only receive Severance Payment for one half of said Days (i.e. may be paid for up to **70 Sick Leave Days** upon separation from service).

* However, Members shall continue to be permitted to accrue an unlimited number of Sick Leave Days for Sick Leave usage purposes only.

TA #12: **Article X, Sections 1-2 – (Injuries on Duty – Administrative Procedures):**

• The parties have agreed to update and amend the requirements and procedures governing the administration of "injuries on duty", where applicable.

TA #13: Article X, Section 5 – (Funeral and Burial Expenses):

- The parties have agreed to increase the current \$7,500 Funeral and Burial maximum expense payment to \$10,000.

TA #14: Article X, Section 9 – (Physical Fitness Program):

- The parties have agreed to update and amend the Police Officer Physical Fitness Program.

TA #15: Article X, Section 10 – (Injuries on Duty – Light Duty):

- The parties have agreed to update and amend the Light Duty requirements and administrative provisions, where applicable.

TA #16: Article XIII, Section 1 – (Salary Scale):

- The parties have agreed to amend Article XIII, Section 1 as follows:
 - The following Salary Increases shall be implemented for all members of the bargaining unit:
 - 7/1/16: 3% salary increase
 - *(Including full retroactive salary payments as of 7/1/16 on all sources of payments, including Overtime Pay, Callback Pay, Detail Pay, etc. ... Retroactive Detail Pay owed to members may be paid from the Police Department Detail Administration Fund)
 - 7/1/17: 3% salary increase
 - 7/1/18: 2% salary increase

TA #17: Article XV, Section 1(C) – (Mandatory Bi-Weekly Pay):

- The parties have agreed to amend Section 1(C) to permit the City to implement a mandatory bi-weekly salary schedule.

TA #18: Article XIII, Section 2 – (Payment of Educational Benefits):

- The parties have agreed to amend Section 2 to implement the following Educational Benefit Tuition Requirements and Caps:
 - Members of the bargaining unit shall be permitted to attend any State of Rhode Island College/University (i.e. URI, CCRI, and RIC) and Roger Williams College with no maximum or cap on Tuition reimbursements or payments by the City.
 - Effective as of 7/1/16 and thereafter, Tuition reimbursement or payments by the City for Members of the bargaining unit for attendance at any other Colleges/Universities shall be capped at the then-highest Tuition amount from among URI, CCRI, RIC, and Roger Williams College.
 - However, effective as of the date of ratification of this Tentative Agreement/Collective Bargaining Agreement, the Tuition reimbursement/payment caps described above shall not be applicable to any Members who are then-currently enrolled in any College/University (Grandfather clause).

TA #19: Article XIII, Section 3 – (Longevity Schedules):

- The parties have agreed to amend Article XIII, Section 3 to implement the following new Longevity Payment Schedule for Members of the bargaining unit hired as full-time Police Officers on or after September 1, 2016:

| <u>Years of Service as of July 1</u> | <u>Percentage Annual Salary</u> |
|--------------------------------------|---------------------------------|
| 0 through 5th year | 0% |
| 6th through 10th year | 4% |
| 11th through 15th year | 5% |
| 16th through 20th year | 6% |
| 21st year and over | 7% |

TA #20: Article XV, Section 1 – (Healthcare Co-Share Payment for Active Members):

• The parties have agreed to amend Article XV, Section 1 to implement the following increases in Active Members' Healthcare Co-Share payments:

• The current \$1,075 (\$20.67 per week) individual plan / \$2,150 (\$41.35 per week) family plan Healthcare Co-Share payment amounts shall increase as follows:

- Effective as of 7/1/16: \$1,127 (\$21.67 per week) individual plan /
\$2,650 (\$50.96 per week) family plan.

* Such increase shall be retroactive to 7/1/16.

- Effective as of 7/1/17: \$1,183 (\$22.75 per week) individual plan /
\$2,730 (\$52.50 per week) family plan.

- Effective as of 7/1/18: \$1,242 (\$23.88 per week) individual plan /
\$2,866 (\$55.12 per week) family plan.

TA #21: Article XV, Section 2 – (Healthcare Co-Share Payment for Retired Members):

• The parties have agreed to amend Article XV, Section 2 to implement the following increases in Healthcare Co-Share payments for Members who retire on or after 7/1/16:

• The current \$600 (\$11.54 per week) individual plan / \$1,200 (\$23.08 per week) family plan Retired Member Healthcare Co-Share payment amounts shall increase as follows:

- Members who Retire on or after 7/1/16: \$650.00 (\$12.50 per week)
individual plan /
\$1,300 (\$25.00 per week) family
plan.

- Members who Retire on or after 7/1/17: \$750.00 (\$14.42 per week)
individual plan /
\$1,450 (\$27.88 per week) family
plan.

- Members who Retire on or after 7/1/18: \$850.00 (\$16.35 per week)
individual plan /
\$1,600 (\$30.77 per week) family
plan.

TA #22: **Article XV, Section 3 – (Healthcare Prescription Plan for Active Members):**

- The parties have agreed to amend Article XV, Section 3 to implement the following new Blue Cross Blue Shield Prescription Plan Programs:

1. Step Therapy. However, with the exception that a Member's physician may override the Step Therapy process.
2. Maintenance Choice.


TA #23: **Article XV, Section 8 – (Domestic Partner Healthcare Coverage):**

- The parties have agreed to delete Section 8 in its entirety.


TA #24: **Section 33 – "Length of Agreement":**

- The Collective Bargaining Agreement shall be for the term beginning **July 1, 2016** and ending **June 30, 2019**.

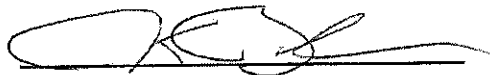
WHEREFORE, the parties hereto, having read the foregoing and being duly authorized, do hereby agree to all the terms and conditions contained herein and so signify by affixing their signatures as of the date set forth above.


CITY OF PROVIDENCE

By: STEWART M. PANS 10-6-16

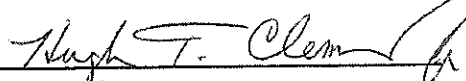

WITNESS


WITNESS



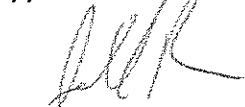
PROVIDENCE LODGE #3, FRATERNAL
ORDER OF POLICE

By: Robert K. Boehm, FOP President


WITNESS


WITNESS

Approved as to Form and Correctness:


Jeffrey Dana, Providence City Solicitor

Date: 10/6/16



Finance Department
"Building Pride In Providence"

January 13, 2017

Councilman John Igliozi,
Chairman, Committee on Finance
C/O City Clerk's Office
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Dear Chairman Igliozi:

We hereby present, for your consideration, the fiscal note pertaining to the proposed Providence Lodge # 3, Fraternal Order of Police, agreement for Fiscal Years 2017-2019 and Resolution of the Wage Re-opener provision for FY16.

The City expects the net cost, after savings, to be \$4,708,941 over the 3-year contract period. The substantive areas of the contract can be summarized in the following categories: Wages, Management flexibility, and Benefits, including Health Care.

1. Holidays:

The contract calls for the elimination of Rhode Island Independence Day (May 4th of each year) effective July 1, 2016. This will save the city \$105,086 in FY 2017, \$108,766 in FY 2018, and \$110,096 in FY 2019.

Total savings over the 3 year agreement: **\$323,948**

2. Clothing and Equipment Maintenance Allowance:

a. For members of the bargaining unit hired as full time Police Officers prior to September 1, 2016, the Clothing and Maintenance allowance shall be \$900 per year, effective as of 7/1/16 and thereafter. This will save the city \$39,200 in FY 2017, \$39,200 in FY 2018, and \$39,200 in FY 2019.

b. For members of the bargaining unit hired as full-time Police Officers on or after September 1, 2016 the Clothing and Maintenance Allowance shall be \$500 per year, effective as of 7/1/16 and thereafter. This will save the city zero dollars in FY 2017; \$30,000 in FY 2018, and \$30,000 in FY 2019.

*Members currently receive 1,000 annually for the Clothing and Maintenance Allowance. This provision shall not affect the payment of the \$200.00 non-uniform Clothing Allowance

Total savings over the 3 year agreement **\$177,600.**



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"Building Pride In Providence"

3. Health Care:

a. *Health Co-Share rates:*

| | |
|--|-------------------|
| i. FY 2017: \$1,127,347 (individual)/\$2,650 (family) annual savings | \$ 166,336 |
| ii. FY 2018: \$1,183 (individual)/\$2,730 (family) annual savings | \$ 197,384 |
| iii. FY 2019: \$1,242 (individual)/\$2,866 (family) annual savings | \$ 246,799 |
| <i>Total Medical Co-Share Savings</i> | <i>\$ 610,519</i> |

b. *Prescription Initiative (Step Therapy & Maintenance Choice) savings:*

| | |
|--|-------------------|
| i. FY 2017: | \$ 79,000 |
| ii. FY 2018: | \$ 79,000 |
| iii. FY 2019: | \$ 79,000 |
| <i>Total Prescription Initiative Savings</i> | <i>\$ 237,000</i> |

4. Salary for Police:

| <i>Salary Schedule</i> | <i>Annual Change</i> | <i>Cumulative</i> |
|---|----------------------|-----------------------|
| a. Effective July 1, 2016 3.00% base salary increase FY 2017 cost | \$880,929 | (\$ 1,171,665) |
| b. Effective July 1, 2017 3.00% base salary increase FY 2018 cost | \$960,984 | (\$ 2,132,649) |
| c. Effective July 1, 2018 2.00% base salary increase FY 2029 cost | \$636,045 | (\$ 2,768,694) |
| Total cost for wage increase over 3-year contract period | | (\$ 6,073,008) |

(Due to a FY16 wage re-opener there will be an increase related to FY16 of \$290,736, representing a 1% base salary increase effective July 1, 2015.)

5. Mandatory Bi-Weekly Pay.

The agreement allows the City to implement a mandatory bi-weekly salary schedule. Members of the Police Department are currently paid on a weekly basis. Moving to a bi-weekly schedule will create an undetermined amount of savings in the processing of payroll.



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6. Retiree Health Care-Share Payment:

Members who retire on or after July 1, 2016 shall pay a health co-share in retirement according to the following rate schedule:

- a. Members who retire on or after July 1, 2016: \$650 (\$12.50 per week) individual plan/ \$1,300 (\$25.00 per week) family plan – Savings of \$2,000.
- b. Members who retire on or after July 1, 2017: \$750 (\$14.42 per week) individual plan/\$1,450 (\$27.88 per week) family plan. – Savings of \$5,000
- c. Members who retire on or after July 1, 2018: \$850 (\$16.35 per week) individual plan/\$1,600 (\$30.77 per week) family plan. – Savings of \$8,000

Total savings for retiree health care **\$ 15,000**

7. Longevity Schedules:

This provision of the tentative agreement affects members hired after September 1, 2016 –The department will be hiring 60 new Police Officers within the next year. Additionally, it is probable that additional Officers will be hired in the next few years due to mandatory retirements and attrition. New members will receive longevity according to the following schedule:

| – Years of Service as of July 1 | Percentage of Annual Salary |
|--|-----------------------------|
| – 0 through 5 th year | 0% |
| – 6 th through 10 th year | 4% |
| – 11 th through 15 th year | 5% |
| – 16 th through 20 th year | 6% |
| – 21 st year and over | 7% |

Note: Savings will not be realized until FY 2023.

Estimated savings per year are \$121,003 from the initial hiring of 60 new officers in July of 2017.

Grand Total cost of all contract provisions: **\$ (4,708,941)**
(See Accompany Table of Savings / (Costs))

8. Miscellaneous:

Payment of Educational Benefits:

Effective July 1, 2016 and thereafter, Tuition reimbursement or payments by the City for members or the bargaining unit for attendance at any colleges/universities other than a State of Rhode Island College/University (i.e. URI, CCRI, RIC & RWU) shall be capped at the then-highest tuition amount among (URI, CCRI, RIC and RWU). However effective as of the date of ratification of the

Lawrence J. Mancini
Finance Director



Jorge O. Elorza
Mayor

Finance Department
"Building Pride In Providence"

TA/Collective Bargaining Agreement, the aforementioned caps shall not apply to those members who are currently enrolled in any College/University

At the present time, there are 55 members enrolled in the college tuition program of which 36 attend in-state colleges/universities and the remaining 19 attend others.

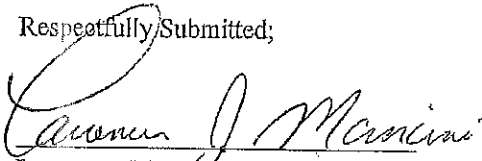
Effective July 1, 2016, the tuition cap will be \$1,500 per class. This will pertain to only those current and future members who are not enrolled in a college or university at the time of ratification of the TA/Collective Bargaining Agreement.


Compensation Time:


The parties have agreed to implement a new Section in the CBA regarding the accrual, use, and requirements of Compensatory Time off, when applicable

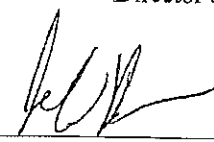
Thank you for your consideration and should you have any questions, please feel free to contact me to discuss.

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
Cyd McKenna, Chief of Staff - City Council
James J. Lombardi III, City Treasurer and Senior Advisor to City Council
Matthew M. Clarkin, Jr., Internal Auditor

City Hall

Providence, Rhode Island 02903

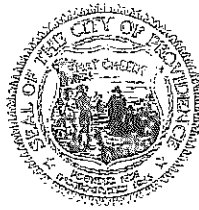
(401) 421-7740



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"Building Pride In Providence"

| The Following Table Summarizes the Savings and (Costs) Between The City of Providence and Providence Lodge #3, Fraternal Order of Police | | | | |
|---|-------------------|-----------------|-----------------|-----------------|
| | Savings / (Costs) | | | |
| Description | FY17 | FY18 | FY19 | Total |
| Holidays - Elimination of Rhode Island Independence Day | \$105,086.00 | \$108,766.00 | \$110,096.00 | \$323,948.00 |
| Clothing and Equipment Maintenance Allowance | \$39,200.00 | \$69,200.00 | \$69,200.00 | \$177,600.00 |
| Health Care - Medical Co-Shares | \$166,336.00 | \$197,384.00 | \$246,799.00 | \$610,519.00 |
| Health Care - Prescription Co-Shares | \$79,000.00 | \$79,000.00 | \$79,000.00 | \$237,000.00 |
| Salary for Firefighters | | | | |
| Effective July 1, 2017 | -\$1,171,665.00 | -\$1,171,665.00 | -\$1,171,665.00 | -\$3,514,995.00 |
| Effective July 1, 2018 | | -\$960,984.00 | -\$960,984.00 | -\$1,921,968.00 |
| Effective July 1, 2019 | | | -\$636,045.00 | -\$636,045.00 |
| Total Salaries | -\$1,171,665.00 | -\$2,132,649.00 | -\$2,768,694.00 | -\$6,073,008.00 |
| Retiree Health Care-Share Payment | \$2,000.00 | \$5,000.00 | \$8,000.00 | \$15,000.00 |
| Total | -\$780,043.00 | -\$1,673,299.00 | -\$2,255,599.00 | -\$4,708,941.00 |

MATTHEW M. CLARKIN, JR.
INTERNAL AUDITOR
25 DORRANCE STREET, ROOM #307
PROVIDENCE, RI 02903
Phone: (401) 421-7740 EXT. 577
Fax: (401) 351-1056
mclarkin@providenceri.com



City of Providence, Rhode Island Office of the Internal Auditor

January 30, 2017

Council President Luis A. Aponte
Providence City Council
25 Dorrance Street
Providence, RI 02903

Re: Tentative Agreement with Providence Lodge #3 Fraternal Order of Police

Dear Council President Aponte:

Based upon my office's review, it is projected that the net cumulative cost associated with the terms in the Tentative Agreement between the city and Providence Lodge #3 Fraternal Order of Police for the period of fiscal years 2016 through 2019 is approximately \$5.0 million. Below is a summary of the major changes in the Tentative Agreement that have a material financial impact.

It is important to note that the financial impact of the resolution of a wage reopener provision for the period July 1, 2015 through June 20, 2016 is included in our analysis and projections.

Staffing

Currently there are 396 active, uniformed personnel in the police department's table of organization. A breakdown of the positions is provided in Table 1. In order to calculate the additional cost associated with the salary increases, the department's current staffing was used as a base. In addition, the Administration's stated plan to hire an additional sixty police officers in early fiscal 2018 and their projection that fifteen officers would retire each year was incorporated into these projections.

| Table 1: Current Table of Organization | |
|--|------------|
| Rank | Count |
| Chief | 1 |
| Commander | 1 |
| Major | 4 |
| Captain | 5 |
| Lieutenant | 16 |
| Sergeant | 53 |
| Officers | 316 |
| Total | 396 |

Salary Increases

Across-the-board salary increases (Table 2) are provided in each year of the Agreement. The cumulative cost of these annual increases over the period of the Agreement is projected to be approximately \$6.4 million.

| Table #2: Salary Increases | | |
|----------------------------|-------------|-------|
| Effective Date | Fiscal Year | % |
| 7/1/2015 | 2016 | 1.00% |
| 7/1/2016 | 2017 | 3.00% |
| 7/1/2017 | 2018 | 3.00% |
| 7/1/2018 | 2019 | 2.00% |

Rhode Island Independence Day

The Agreement calls for reducing the number of paid holidays to 12 from 13 by eliminating payment for Rhode Island Independence Day. It is projected that this change will save approximately \$328,000 over the period of the Agreement.

Clothing & Equipment Maintenance Allowance

The Agreement calls for a reduction to the annual Clothing & Equipment Maintenance Allowance to \$900 from \$1,000 for officers hired prior September 1, 2016. Officers hired on or after September 1, 2016 will receive an annual allowance of \$500. It is projected that the reductions to this allowance will result in savings of approximately \$178,000 over the period of the Agreement.

Health Care Co-Shares (Active Employees)

Employee contributions towards health care insurance (co-shares) are increased each year of the Agreement as shown below in Table 3. It is projected that these increases will result in total savings of approximately \$591,000 for the period of the Agreement.

| Table 3: Annual Medical Co-Share Payments (Active Employees) | | |
|--|------------|---------|
| Effective Date | Individual | Family |
| Current | \$1,075 | \$2,150 |
| July 1, 2016 | \$1,127 | \$2,650 |
| July 1, 2017 | \$1,183 | \$2,730 |
| July 1, 2018 | \$1,242 | \$2,866 |

In addition, the Agreement institutes a Generic Step Therapy Program that requires one to try a generic drug within the same category before the brand-name drug is covered by the city’s health plan. A Maintenance Choice Program is also established by this Agreement which requires that one fill all maintenance medications at a 90-day supply at either a retail CVS pharmacy or through mail order. Mercer, the city’s health plan consultant, projects that these programs combined will save approximately \$80,000 annually.

Health Care Co-Shares (Retirees)

Retiree contributions towards health care insurance (co-shares) are increased each year of the Agreement as shown below in Table 4. Based upon the assumption that 15 officers will retire each year, it is projected that these increases to retiree co-shares will result in total savings of approximately \$10,200 over the period of the Agreement.

| Table 4: Annual Medical Co-Share Payments (Retirees) | | |
|--|------------|---------|
| Effective Date | Individual | Family |
| Current | \$600 | \$1,200 |
| July 1, 2016 | \$650 | \$1,300 |
| July 1, 2017 | \$750 | \$1,450 |
| July 1, 2018 | \$850 | \$1,600 |

Longevity Schedule (New Hires)

The longevity schedule for officers hired on or after September 1, 2016 is changed per the terms of the Agreement. Savings will not be realized within the period of this analysis (through fiscal 2019). However, assuming that new officers are hired in fiscal 2018, this change to the longevity schedule will provide savings annually beginning fiscal 2023.

| Table 5: Longevity Schedule | | |
|-----------------------------|-------------------------|----------------------|
| Years of Service | % of Annual Salary | |
| | Hired Prior to 9/1/2016 | Hired After 9/1/2016 |
| 0 - 5th year | 0.0% | 0.0% |
| 6th through 10th year | 7.0% | 4.0% |
| 11 through 15th year | 8.0% | 5.0% |
| 16th through 20th year | 9.0% | 6.0% |
| 21st year and longer | 10.0% | 7.0% |

Educational Benefits

Effective July 1, 2016, tuition reimbursements to officers taking courses at institutions that are not a State of Rhode Island college or university will be capped at a maximum reimbursement of \$1,500. According to the Administration, currently 55 police officers are enrolled in the college tuition program and 19 are not attending State of Rhode Island institutions. The savings generated from this change is dependent upon the number of officers that take classes at non-

State of Rhode Island institutions which is not knowable. Therefore, savings from the establishment of the \$1,500 cap has not been included in this analysis, but it is important to note that savings will be generated from this change.

| Table 6: Summary of Proposed Changes ¹ | | | | | |
|---|------------------|--------------------|--------------------|--------------------|----------------------|
| | FY2016 | FY2017 | FY2018 | FY2019 | TOTAL |
| Benefits | | | | | |
| Elimination of RI Independence Day | \$0 | (\$96,437) | (\$114,821) | (\$117,176) | (\$328,435) |
| Clothing & Equipment Maintenance Allowance | | (\$39,200) | (\$69,200) | (\$69,200) | (\$177,600) |
| Health Care - Medical CoShares | \$0 | (\$158,332) | (\$191,245) | (\$241,846) | (\$591,423) |
| Health Care - Prescription CoShares | \$0 | (\$79,000) | (\$79,000) | (\$79,000) | (\$237,000) |
| Retiree Health-Care Share Payment | \$0 | (\$1,332) | (\$3,415) | (\$5,497) | (\$10,244) |
| Total Benefits | \$0 | (\$374,301) | (\$457,681) | (\$512,720) | (\$1,344,702) |
| Salaries | | | | | |
| 7/1/15 (1.00%) | \$261,241 | \$261,241 | \$261,241 | \$261,241 | \$1,044,964 |
| 7/1/16 (3.00%) | \$0 | \$794,382 | \$794,382 | \$794,382 | \$2,383,145 |
| 7/1/17 (3.00%) | \$0 | \$0 | \$1,134,016 | \$1,134,016 | \$2,268,033 |
| 7/1/18 (2.00%) | \$0 | \$0 | \$0 | \$665,867 | \$665,867 |
| Total Salaries | \$261,241 | \$1,055,622 | \$2,189,639 | \$2,855,506 | \$6,362,008 |
| Total Net (Savings)/Cost | \$261,241 | \$681,321 | \$1,731,958 | \$2,342,786 | \$5,017,306 |

¹ ASSUMPTIONS:

Wage increase applied to base pay, longevity and holiday.

In FY 2018, increase of 60 officers included

Sincerely,



Matthew M. Clarkin, Jr.
Internal Auditor

Cc: City Council Members
Cyd McKenna, Chief of Staff – City Council
James Lombardi, Sr. Advisor to the City Council