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## City of Providence, Rhode Island Office of the Internal Auditor

April 11, 2016

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

Dear Chairman Zurier:

Last October, I provided a letter to the Claims Committee that projected the potential cost of retroactive payments to firefighters in the event that the city receives an unfavorable ruling in the fire platoon litigation. As requested, I have updated the potential cost of retroactive payments to firefighters should the city be required to pay 1.5 times salary for all hours above an average of 42 hours per week or straight time (pensionable) for all hours worked.

### **Scenario #1:**

#### **Retroactive Payments @ 1.5 Times Salary (Hrs. 43-56):**

##### *Current Employees*

As of March 20, 2016 there were 334 firefighters working under the 3-platoon system. Assuming that all of these firefighters work through the remainder of the fiscal year (June 30, 2016), it is projected that retroactive payments based upon 1.5 times salary for all regular hours will total approximately \$8.6 million in FY2016 (Table #1). Incorporated in this projection is \$6.1 million which has been earned through March 20<sup>th</sup> by the 334 firefighters. This projection is net of the 8.0% stipend that the administration established at the time of the change to the 3-platoon schedule.

Table #1: Retroactive Calculation - Active			Year-to-Date (through March 20, 2016)				Projected (March 31 through June 30, 2016)				
Job Title	# Pos. <sup>1</sup>	Hrly. Rate of Pay @ 1.5 times	Total Hours <sup>2</sup>	Gross Amount Owed at 1.5 times	Total 8.0% Paid (3-Platoon Stipend)	Net Amount Owed at 1.5 times	Total Hours <sup>3</sup>	Projected Gross Amount Owed at	8% Base Pay per week by rank	Projected Total 8.0% (3-Platoon Stipend)	Projected Net Amount Owed at 1.5 times
Acting Deputy Asst. Chief	1	\$71.45	476	\$34,010	(\$4,951)	\$29,059	560	\$14,004	\$145.63	(2,039)	\$11,965
Acting Fire Rescue Captain	1	\$53.85	476	\$25,633	(\$3,675)	\$21,958	560	\$10,555	\$108.08	(1,513)	\$9,042
Fire Battalion Chief	3	\$65.94	1,428	\$94,160	(\$13,655)	\$80,505	1,680	\$38,772	\$133.87	(5,622)	\$33,149
Fire Captain	20	\$53.85	9,520	\$512,661	(\$73,496)	\$439,165	11,200	\$211,096	\$108.08	(30,263)	\$180,833
Fire Lieutenant	57	\$49.63	27,132	\$1,346,482	(\$192,000)	\$1,154,482	31,920	\$554,434	\$99.07	(79,059)	\$475,375
Fire Rescue Lieutenant	16	\$49.63	7,616	\$377,960	(\$53,895)	\$324,065	8,960	\$155,631	\$99.07	(22,192)	\$133,439
Firefighter (< 5)	75	\$33.19	35,700	\$1,184,794	(\$163,200)	\$1,021,594	42,000	\$487,856	\$64.00	(67,200)	\$420,656
Firefighter	128	\$45.36	60,928	\$2,763,389	(\$391,495)	\$2,371,895	71,680	\$1,137,866	\$89.96	(161,204)	\$976,663
Fire Rescue Technician	26	\$47.46	12,376	\$587,410	(\$83,499)	\$503,911	14,560	\$241,875	\$94.46	(34,382)	\$207,493
Fire Rescue Captain	7	\$53.85	3,332	\$179,431	(\$25,723)	\$153,708	3,920	\$73,883	\$108.08	(10,592)	\$63,291
Fire Prevention Captain	1	Not Applicable									
Man-In-Charge (Carpenter)	1	Not Applicable									
Dispatcher Lieutenant	4	Not Applicable									
Air Supply Technician	1	Not Applicable									
Director Of Training	1	Not Applicable									
Firefighter Car 56	4	Not Applicable									
Firefighter/Plan Reviewer	4	Not Applicable									
Person-In-Chg Supply Rm	1	Not Applicable									
Training Instructor	1	Not Applicable									
Firefighter Car 79	2	Not Applicable									
Assistant Fire Chief	1	Not Applicable									
Fire Captain Dispatcher	1	Not Applicable									
	<b>356</b>			<b>\$7,105,930</b>	<b>(1,005,588.61)</b>	<b>\$6,100,341</b>		<b>\$2,925,971</b>	<b>\$1,050.30</b>	<b>(414,066)</b>	<b>\$2,511,905</b>

<sup>1</sup> Actual Number of Positions as of 3/20/16  
<sup>2</sup> Fourteen hours per week x 34 weeks x # of actual positions  
<sup>3</sup> Fourteen hours per week x 14 weeks x # of actual positions

### Separations

Since the date of the change to a 3-platoon system (August 2, 2015), a total of 41 uniformed personnel have separated from the fire department. Seven of those who have separated did not work under the 3-platoon schedule and therefore would not be eligible for retroactive payments should the city be required to make such payments.

Total retroactive salary payments at 1.5 times salary for the remaining 34 employees who separated from the city are projected to be approximately \$447,000 (Table #2). This projection was calculated by determining the date of separation for each employee, applying the 1.5 times to the employees' salary for the time period worked. The 8.0% stipend that the administration established at the time of the change to the 3-platoon schedule was then credited from the total.

Table 2: Retroactive Calculation for Separations

#	Rank	Date of Separation	# of Weeks Worked <sup>1</sup>	Total Hours Owed at 1.5 times <sup>2</sup>	Hourly Rate (1.5 times)	Total Gross Amount Owed (1.5 times)	Total 8.0% Paid (3-Platoon Stipend) <sup>3</sup>	Net Total Owed at (1.5 times)
1	Firefighter	8/20/2015	2	28	\$45.36	\$1,269.94	(\$179.92)	\$1,090.02
2	Lieutenant	9/4/2015	5	70	\$49.63	\$3,473.90	(\$495.35)	\$2,978.55
3	Firefighter	10/5/2015	10	140	\$33.19	\$4,646.25	(\$640.00)	\$4,006.25
4	Firefighter	10/25/2015	12	168	\$33.19	\$5,575.50	(\$768.00)	\$4,807.50
5	Firefighter	11/2/2015	13	182	\$33.19	\$6,040.13	(\$832.00)	\$5,208.13
6	Captain	11/8/2015	14	196	\$53.85	\$10,554.78	(\$1,513.12)	\$9,041.66
7	Firefighter	11/10/2015	14	196	\$33.19	\$6,504.75	(\$896.00)	\$5,608.75
8	Firefighter	12/7/2015	19	266	\$33.19	\$8,827.88	(\$1,216.00)	\$7,611.88
9	DAC	12/30/2015	23	322	\$71.45	\$23,006.80	(\$3,349.49)	\$19,657.31
10	Firefighter	12/30/2015	23	322	\$45.36	\$14,604.31	(\$2,069.08)	\$12,535.23
11	Captain	12/30/2015	23	322	\$53.85	\$17,339.99	(\$2,485.84)	\$14,854.15
12	Lieutenant	1/6/2016	24	336	\$49.63	\$16,674.71	(\$2,377.68)	\$14,297.03
13	Firefighter	1/6/2016	24	336	\$45.36	\$15,239.28	(\$2,159.04)	\$13,080.24
14	Captain	1/6/2016	24	336	\$53.85	\$18,093.90	(\$2,593.92)	\$15,499.98
15	Captain	1/6/2016	24	336	\$53.85	\$18,093.90	(\$2,593.92)	\$15,499.98
16	Captain	1/15/2016		Not Applicable				\$0.00
17	Firefighter	1/15/2016	25	350	\$33.19	\$11,615.63	(\$1,600.00)	\$10,015.63
18	Firefighter	1/15/2016	25	350	\$33.19	\$11,615.63	(\$1,600.00)	\$10,015.63
19	Lieutenant	1/19/2016	26	364	\$49.63	\$18,064.26	(\$2,575.82)	\$15,488.44
20	Training	1/22/2016		Not Applicable				\$0.00
21	Chief of Communicat	1/28/2016		Not Applicable				\$0.00
22	Firefighter	1/29/2016	27	378	\$45.36	\$17,144.19	(\$2,428.92)	\$14,715.27
23	Dispatch Lt	1/29/2016		Not Applicable				\$0.00
24	Firefighter	1/29/2016	27	378	\$45.36	\$17,144.19	(\$2,428.92)	\$14,715.27
25	Battalion Chief	2/5/2016	28	392	\$65.94	\$25,847.85	(\$3,748.36)	\$22,099.49
26	Firefighter	2/5/2016	28	392	\$45.36	\$17,779.16	(\$2,518.88)	\$15,260.28
27	Firefighter	2/12/2016	29	406	\$45.36	\$18,414.13	(\$2,608.84)	\$15,805.29
28	Firefighter	2/16/2016	29	406	\$45.36	\$18,414.13	(\$2,608.84)	\$15,805.29
29	Chief - EMS	2/16/2016		Not Applicable				\$0.00
30	Firefighter	2/16/2016	29	406	\$45.36	\$18,414.13	(\$2,608.84)	\$15,805.29
31	Firefighter	2/19/2016	30	420	\$45.36	\$19,049.10	(\$2,698.80)	\$16,350.30
32	Firefighter	2/19/2016	30	420	\$45.36	\$19,049.10	(\$2,698.80)	\$16,350.30
33	Firefighter	2/29/2016	31	434	\$45.36	\$19,684.07	(\$2,788.76)	\$16,895.31
34	Firefighter	2/29/2016		Not Applicable				\$0.00
35	Firefighter	3/2/2016	31	434	\$33.19	\$14,403.38	(\$1,984.00)	\$12,419.38
36	Captain	3/4/2016	31	434	\$53.85	\$23,371.29	(\$3,350.48)	\$20,020.81
37	Firefighter	3/8/2016	32	448	\$33.19	\$14,868.00	(\$2,048.00)	\$12,820.00
38	Firefighter	3/11/2016	33	462	\$45.36	\$20,954.01	(\$2,968.68)	\$17,985.33
39	Lieutenant	3/11/2016	33	462	\$49.63	\$22,927.72	(\$3,269.31)	\$19,658.41
40	Firefighter	3/17/2016		Not Applicable				\$0.00
41	Firefighter	3/20/2016	34	476	\$45.36	\$21,588.98	(\$3,058.64)	\$18,530.34
						<b>\$520,294.95</b>	<b>(\$73,762.25)</b>	<b>\$446,532.70</b>

<sup>1</sup> Weeks worked after August 2, 2015

<sup>2</sup> Number of weeks worked x 14 hours/week

<sup>3</sup> Eight Percent (8.0%) 3-Platoon Stipend x weeks worked

*Summary of Scenario #1*

It is projected that the total cost of retroactive payments under this scenario for the period of August 2, 2015 through June 30, 2016 is approximately \$9.1 million.

It is important to note that the \$9.1 million is based upon payment for all hours between 43 through 56 at 1.5 times salary. The city administration has stated it is complying with federal law and is paying additional compensation to firefighters who have worked in excess of 212 hours over a 4-week period. Therefore, there is a possibility that an additional credit is available to the city which would reduce the projected retroactive payment of \$9.1 million. But because of the uncertainty surrounding the approach taken by the administration concerning the payment of hours in excess of an average of 53 hours per week, this potential credit has not been included in this projection.

**Scenario #2:**

**Retroactive Payments @ Straight Time (through 56 hours):**

*Current Employees*

The total of retroactive payments for the 334 firefighters currently working under the 3-platoon system, assuming that all of these firefighters work through the remainder of the fiscal year (June 30, 2016), is approximately \$5.3 million under Scenario #2 (Table #3). This projection is calculated by applying each firefighter's straight time hourly rate of pay for an additional 14 hours per week (hours 43 through 56) for the period August 2, 2015 through June 30, 2016. This projection is net of the 8.0% stipend for the same period (approximately \$1.4 million) that the administration established at the time of the change to the 3-platoon schedule.

Job Title	# Positions <sup>1</sup>	Hrly. Rate of Pay	Total Hours <sup>2</sup>	Year-to-Date (through March 20, 2016)			Projected (March 21 through June 30, 2016)			
				Gross Amount Owed (14 hrs/wk)	Total 8.0% Paid Platoon Stipend	Net Amount Owed	Total Hours <sup>3</sup>	Projected Gross Amount Owed	Projected Total 8.0% Stipend	Projected Net Amount Owed
Acting Deputy Asst. Chief	1	\$47.63	476	\$22,673	(\$4,951)	\$17,722	196	\$9,336	(2,039)	\$7,297
Acting Fire Rescue Captain	1	\$35.90	476	\$17,089	(\$3,675)	\$13,414	196	\$7,037	(1,513)	\$5,523
Fire Battalion Chief	3	\$43.96	1,428	\$62,773	(\$13,655)	\$49,119	588	\$25,848	(5,622)	\$20,225
Fire Captain	20	\$35.90	9,520	\$341,774	(\$73,496)	\$268,278	3,920	\$140,730	(30,263)	\$110,467
Fire Lieutenant	57	\$33.08	27,132	\$897,655	(\$192,000)	\$705,655	11,172	\$369,623	(79,059)	\$290,564
Fire Rescue Lieutenant	16	\$33.08	7,616	\$251,973	(\$53,895)	\$198,079	3,136	\$103,754	(22,192)	\$81,562
Firefighter (<5)	75	\$22.13	35,700	\$789,863	(\$163,200)	\$626,663	14,700	\$325,238	(67,200)	\$258,038
Firefighter	128	\$30.24	60,928	\$1,842,260	(\$391,495)	\$1,450,765	25,088	\$758,577	(161,204)	\$597,374
Fire Rescue Technician	26	\$31.64	12,376	\$391,606	(\$83,499)	\$308,108	5,096	\$161,250	(34,382)	\$126,868
Fire Rescue Captain	7	\$35.90	3,332	\$119,621	(\$25,723)	\$93,897	1,372	\$49,256	(10,592)	\$38,664
				<b>\$4,737,287</b>	<b>(\$1,005,589)</b>	<b>\$3,731,698</b>		<b>\$1,950,647</b>	<b>(414,066)</b>	<b>\$1,536,582</b>

<sup>1</sup> Actual Number of Positions as of 3/20/16  
<sup>2</sup> Fourteen hours per week x 34 weeks x # of actual positions  
<sup>3</sup> Fourteen hours per week x 14 weeks x # of actual positions

### *Separations*

The total retroactive amount for all regularly scheduled hours at straight time for the 34 employees who separated from the city while working under the 3-platoon schedule is projected to be approximately \$273,000 (Table #4). This projection was calculated by determining the date of separation for each employee, applying each firefighter's straight time hourly rate of pay to the time period worked, and then crediting the 8.0% stipend that the administration established at the time of the change to the 3-platoon schedule.

### *Summary of Scenario #2*

It is projected that the total cost of retroactive payments under this scenario for the period of August 2, 2015 through June 30, 2016 is approximately \$5.5 million.

It is important to note that the \$5.5 million projection is based upon payment of straight time for all hours between 43 through 56. The city administration has stated that it is complying with federal law and is paying additional compensation to firefighters who have worked in excess of 212 hours over a 4-week period. Therefore, there is a possibility that an additional credit is available to the city which would reduce the projected retroactive payment of \$5.5 million under this scenario. But because of the uncertainty surrounding the approach taken by the administration concerning the payment of hours in excess of an average of 53 hours per week, this potential credit has not been included in this projection.

It is likely that the payment of straight time under this scenario would be considered pension eligible. For this analysis, the additional cost to the city's annual pension contribution as well as the unfunded pension liability has not been considered. Segal Consulting, the city's actuary, in September 2015 estimated that a 33% increase to firefighter salaries would result in an increase of approximately \$2.1 million to the city annual pension contribution and a \$31 million increase to the pension system's unfunded liability. These projections have likely changed because of the large number of retirements since September as well as the findings in Segal's new Experience Study on the Employee Retirement System, which is expected to be published shortly.

Table 4: Retroactive Calculation for Separations								
#	Rank	Date of Separation	# of Weeks Worked <sup>1</sup>	Total Hours Owed	Hourly Rate	Total Gross Amount Owed	Total 8.0% Paid (3-Platoon Stipend) <sup>2</sup>	Net Total Owed for 14 Hours
1	Firefighter	8/20/2015	2	28	\$30.24	\$846.63	(\$179.92)	\$666.71
2	Lieutenant	9/4/2015	5	70	\$33.08	\$2,315.93	(\$495.35)	\$1,820.58
3	Firefighter	10/5/2015	10	140	\$22.13	\$3,097.50	(\$640.00)	\$2,457.50
4	Firefighter	10/25/2015	12	168	\$22.13	\$3,717.00	(\$768.00)	\$2,949.00
5	Firefighter	11/2/2015	13	182	\$22.13	\$4,026.75	(\$832.00)	\$3,194.75
6	Captain	11/8/2015	14	196	\$35.90	\$7,036.52	(\$1,513.12)	\$5,523.40
7	Firefighter	11/10/2015	14	196	\$22.13	\$4,336.50	(\$896.00)	\$3,440.50
8	Firefighter	12/7/2015	19	266	\$22.13	\$5,885.25	(\$1,216.00)	\$4,669.25
9	DAC	12/30/2015	23	322	\$47.63	\$15,337.87	(\$3,349.49)	\$11,988.38
10	Firefighter	12/30/2015	23	322	\$30.24	\$9,736.21	(\$2,069.08)	\$7,667.13
11	Captain	12/30/2015	23	322	\$35.90	\$11,559.99	(\$2,485.84)	\$9,074.15
12	Lieutenant	1/6/2016	24	336	\$33.08	\$11,116.47	(\$2,377.68)	\$8,738.79
13	Firefighter	1/6/2016	24	336	\$30.24	\$10,159.52	(\$2,159.04)	\$8,000.48
14	Captain	1/6/2016	24	336	\$35.90	\$12,062.60	(\$2,593.92)	\$9,468.68
15	Captain	1/6/2016	24	336	\$35.90	\$12,062.60	(\$2,593.92)	\$9,468.68
16	Captain	1/15/2016		Not Applicable				\$0.00
17	Firefighter	1/15/2016	25	350	\$22.13	\$7,743.75	(\$1,600.00)	\$6,143.75
18	Firefighter	1/15/2016	25	350	\$22.13	\$7,743.75	(\$1,600.00)	\$6,143.75
19	Lieutenant	1/19/2016	26	364	\$33.08	\$12,042.84	(\$2,575.82)	\$9,467.02
20	Training	1/22/2016		Not Applicable				\$0.00
21	Chief of Communicati	1/28/2016		Not Applicable				\$0.00
22	Firefighter	1/29/2016	27	378	\$30.24	\$11,429.46	(\$2,428.92)	\$9,000.54
23	Dispatch Lt	1/29/2016		Not Applicable				\$0.00
24	Firefighter	1/29/2016	27	378	\$30.24	\$11,429.46	(\$2,428.92)	\$9,000.54
25	Battalion Chief	2/5/2016	28	392	\$43.96	\$17,231.90	(\$3,748.36)	\$13,483.54
26	Firefighter	2/5/2016	28	392	\$30.24	\$11,852.77	(\$2,518.88)	\$9,333.89
27	Firefighter	2/12/2016	29	406	\$30.24	\$12,276.09	(\$2,608.84)	\$9,667.25
28	Firefighter	2/16/2016	29	406	\$30.24	\$12,276.09	(\$2,608.84)	\$9,667.25
29	Chief - EMS	2/16/2016		Not Applicable				\$0.00
30	Firefighter	2/16/2016	29	406	\$30.24	\$12,276.09	(\$2,608.84)	\$9,667.25
31	Firefighter	2/19/2016	30	420	\$30.24	\$12,699.40	(\$2,698.80)	\$10,000.60
32	Firefighter	2/19/2016	30	420	\$30.24	\$12,699.40	(\$2,698.80)	\$10,000.60
33	Firefighter	2/29/2016	31	434	\$30.24	\$13,122.71	(\$2,788.76)	\$10,333.95
34	Firefighter	2/29/2016		Not Applicable				\$0.00
35	Firefighter	3/2/2016	31	434	\$22.13	\$9,602.25	(\$1,984.00)	\$7,618.25
36	Captain	3/4/2016	31	434	\$35.90	\$15,580.86	(\$3,350.48)	\$12,230.38
37	Firefighter	3/8/2016	32	448	\$22.13	\$9,912.00	(\$2,048.00)	\$7,864.00
38	Firefighter	3/11/2016	33	462	\$30.24	\$13,969.34	(\$2,968.68)	\$11,000.66
39	Lieutenant	3/11/2016	33	462	\$33.08	\$15,285.15	(\$3,269.31)	\$12,015.84
40	Firefighter	3/17/2016		Not Applicable				\$0.00
41	Firefighter	3/20/2016	34	476	\$30.24	\$14,392.65	(\$3,058.64)	\$11,334.01
						<b>\$346,863.30</b>	<b>(\$73,762.25)</b>	<b>\$273,101.05</b>

<sup>1</sup> Weeks worked after August 2, 2015

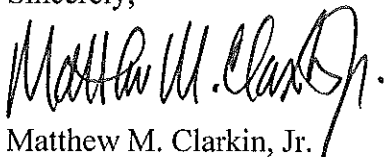
<sup>2</sup> Eight Percent (8.0%) 3-Platoon Stipend x weeks worked

**FY2017 Projections:**

Based upon the department's staffing as of March 20, 2016 and using the same approach stated above, it is projected that retroactive payments to firefighters under Scenario #1 (x1.5 times salary) will accrue approximately \$180,000 per week, while costs under Scenario #2 will be approximately \$110,000 per week. Again, the cost shown for Scenario #2 does not include an increase to the city's pension contribution.

It is my hope that this information is helpful to the Committee. If you need additional information, please let me know.

Sincerely,



Matthew M. Clarkin, Jr.  
Internal Auditor

Cc: Claims Committee Members  
Council President Luis A. Aponte  
City Council Members  
Cyd McKenna, Chief of Staff – City Council  
James Lombardi, City Treasurer/Sr. Advisor City Council  
Gina Costa, Budget Analyst/Auditor