

MEMORANDUM

TO: Honorable East Greenwich Town Council

FROM: Michael D'Amico

DATE: June 17, 2019

SUBJECT: Fiscal note for non-police CBA

I. Introduction -

The Town and the local non-police union have reached a tentative agreement for the term beginning on July 1, 2019, and ending on June 30, 2022. The purpose of this memorandum is to provide a summary of the fiscal impact of the changes in that agreement.

II. Summary of changes -

- Article 18 Wages were amended to provide all union members a 0% increase in 2019, a 2% increase in 2020, and a 2% increase in 2021. That increase equates to \$0 in FY20, \$6,851 in FY21, and \$6,988 in FY22.
- Article 16, Section 3, Holidays was amended so that, beginning in July 1, 2020, members will be paid 10 hours per holiday rather than 8 hours and on July 1, 2021 members will be paid 12 hours per holiday rather than 10. The cost of this change is \$0 in FY20, \$4,064 in FY21 and an additional \$4,145 in FY22.
- Article 23 was also amended so that, once a retiree becomes Medicare eligible, the Town will only provide gap coverage, with the Town's payment toward the premium capped at \$250 per month, and the retiree responsible for anything over \$250. There are so few members in this bargaining unit that it is not possible to calculate the savings to the town from this change. However, as this provision has now been concluded in other contracts, it is clear that this will decrease the

Town's pension liability and the actuarially required contribution to its OPEB trust in the future.

- Article 25, Section 1 was amended to increase life insurance from \$40,000 to \$80,000 for active officers and from \$5,000 to \$10,000 for retirees. The cost of this change is \$672 per year.
- Article 24 Section 1 was amended to provide that maximum annual allowance for dental coverage is \$1,500 and to add a rider for composite fillings. As the town is self-insured for dental, there is no premium increase. Furthermore, our broker estimates the cost of these changes to be almost zero. For purposes of this analysis, I have estimated the cost at \$500 per year.

III. Conclusion -

This agreement will not significantly increase the budget over the next 3 years and provides the town with a 0% salary increase in the first year. The cost to the budget will be \$1,172 in FY20, \$12,087 in FY21, and \$23,220 in FY22 for a total of \$36,479 over 3 years. Additionally this agreement will save the town in contributions to the OPEB trust. As the town has not been making the full contribution to the trust in the past, this will not result in a savings to the budget. However, this is a true savings in that it represents money the town would have eventually had to contribute and now that cost has been avoided.