



## Town of East Greenwich Town Manager's Office

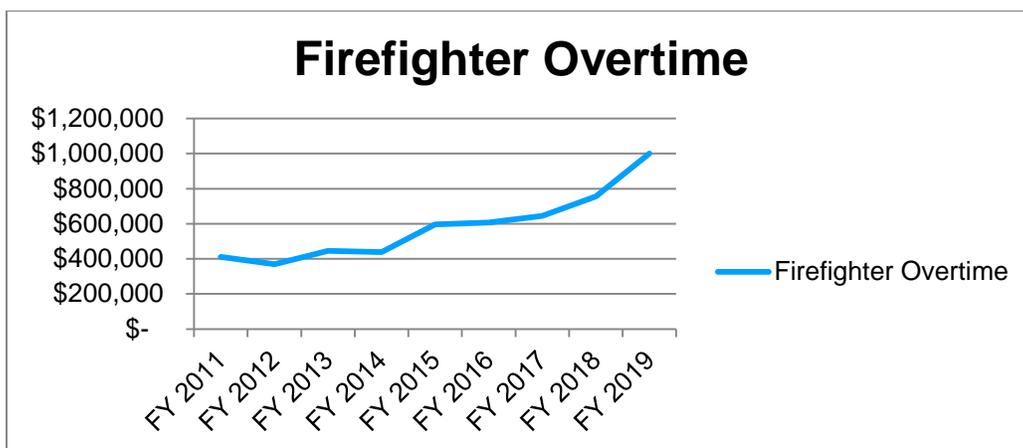
October 24, 2017

Dear Resident,

Our administration is committed to enacting responsible reforms to curb spending and deliver high quality services to all East Greenwich residents and families. In June, I identified the Town's current labor contract with its firefighters as problematic. Since then, we've engaged an independent financial analysis of the contract to provide us with a comprehensive look at which factors are driving costs.

The analysis demonstrates that the contract is unsustainable. The findings show an increase in compensation costs of 33.2% over six years. A 58% increase to the Town's pension contribution over the time period compounds the problem.

Furthermore, the report finds that base wages are not even the most problematic driver of spiraling costs: overtime is. Due to the contract's provisions, overtime costs are expected to rise from \$411,677 in fiscal year 2011 to approximately \$1 million by 2019.



This in-depth independent analysis of three contracts covering 2011-2019 was performed by Michael Walker of Berkshire Advisors, a respected management consulting firm with 30 years of experience performing similar work for governments like West Palm Beach, Florida; Washoe County, Nevada; and Newport, Rhode Island. He examined the contracts covering fiscal years 2011-13 (the last year before the Town of East Greenwich took over the Fire Department from the former East Greenwich Town Fire District), 2014-16, and the current contract, 2017-19.

Here are some of the report's key findings:

- By the end of the current contract, the average total compensation and benefits for the firefighters of Local 3328 will reach a new high of more than \$150,000 – by far the highest of any town department.
- The spike in overtime costs is due to structural changes embedded in the current contract—namely the conversion of former “floater” positions, intended to cover absences on a shift, to permanent staffing positions— which means that all absences must be filled using overtime.
- The contracts contain multiple financial “sweeteners” that benefit the firefighters and add hundreds of thousands of dollars to the department’s personnel costs, such as nearly tripling the number of vacation days awarded to firefighters with one year of service. Some sweeteners have the compounded effect of significantly increasing the Town’s long-term pension costs, such as considerably increasing the holiday pay and longevity pay amounts.

Much more data can be found on the Town Manager’s page of our website (<http://www.eastgreenwichri.com/193/Town-Manager>), including the full text of the contracts examined by Mr. Walker, as well as his full report and methodology. I encourage you to review his findings for yourself and see firsthand how your dollars are being spent.

The bottom line is that our town cannot afford this contract, and we cannot allow the personnel costs of 36 town employees out of an approximate total of 150 to blow a hole in the budget. Our careful review of Town finances has shown that the Fire Department is the only Town department that consistently and significantly exceeds its overtime budget every year.

We cannot tax our way out of this problem, as state law prohibits municipalities from raising tax collection by more than 4% each year. The spike in costs from the Fire Department alone will use such a significant portion of the 4% cap on tax levy increases that the Town will not have adequate funding for other expenses such as schools, infrastructure, and other contractual obligations. The Town Council, which recently passed the first budget in 30 years that did not raise property taxes, is committed to further relief for the already overburdened taxpayers of East Greenwich.

In the coming weeks, I will present to the Town Council a detailed plan to address these cost increases that will be fair to our residents and to our firefighters. Public safety is a critical component of the quality of life that East Greenwich residents enjoy, and it is our responsibility to ensure we can afford to sustain it for many years to come.

Sincerely,



Gayle Corrigan  
Town Manager