

BUFFALO FISCAL STABILITY AUTHORITY

Analysis of the Proposed Labor Agreement between the City of Buffalo and the Buffalo Professional Firefighters Association, Inc., Local 282, I.A.F.F., AFL-CIO

Introduction

The City of Buffalo (the “City”) has negotiated a Memorandum of Agreement (“MOA”) with the Buffalo Professional Firefighters Association, Inc., Local 282, I.A.F.F., AFL-CIO (“Local 282”), representing all firefighters and command officers employed by the City. The proposed MOA would be effective through June 30, 2025, and would replace the labor agreement that expired June 30, 2017. The collective bargaining agreement (“CBA”) that is modified by this MOA impacts the firefighters of the City, as well as additional titles covered by the CBA including Division Fire Chief, Battalion Chief, Captain and Lieutenant. It is noted that all Local 282 employees covered by the MOA are funded through the General Fund.

Local 282 members are personnel in the uniformed class of employees, also known as the protective services class of employees, and are responsible for providing first-responder services including but not limited to responding to fires, hazardous material incidents, vehicle accidents and medical emergencies throughout the City. The City has budgeted a total of 742 uniformed fire positions with the intent to permanently maintain approximately 717 positions; the excess number of budgeted positions provides the City a mechanism to recruit a higher number of firefighters to replace individuals who will be retiring in the near-term. A total of 656 uniformed fire positions were filled at June 30, 2018, leaving 62 positions vacant and representing a vacancy rate of 8.6 percent. As of September 30, 2018, 710 positions were filled including two classes of firefighter recruits; the first class of eleven individuals who already hold EMT certificates are expected to graduate from the Fire Academy in early December, and the second class of 47 are scheduled to graduate in early January. Once a class completes training the new recruits are assigned to a fire company.

Budgeted positions that are impacted by the proposed MOA are as follows:

- One (1) Commissioner
- Three (3) Deputy Commissioners
- Five (5) Division Fire Chiefs
- Nineteen (19) Battalion Chiefs
- Forty-three (43) Captains
- One hundred and fifteen (115) Lieutenants
- Five hundred and fifty-six (556) Firefighters

Exempt officers include the Commissioner and three Deputy Commissioners; pursuant to the City Charter Section 24.14(c), such exempt officers shall receive the same salary increases that are negotiated within the final Local 282 labor contract. Additionally, the City Administration provides the same health insurance benefits to exempt employees as provided for within the Local 282 labor contract. These command positions are appointed by the Mayor and are responsible for providing various administrative oversight and management duties within the Buffalo Fire Department. The City has filled all four exempt positions in the Fire Department as of September 30, 2018. The current average salary of an exempt employee is \$119,747.

The members of Local 282 ratified the proposed MOA on October 12, 2018, with a vote of 484 for and 41 against ratification of the MOA. This item will be forwarded to the Buffalo Common Council (the “Common Council”) for consideration for approval. It is anticipated that the Common Council will consider the proposed labor agreement at the November 27, 2018 meeting.

Summary of Key Contract Provisions

A side-by-side comparison of the proposed MOA to the previous collective bargaining agreement which expired June 30, 2017, and the approved collective bargaining agreement between the City and the Police Benevolent Association (the “PBA”), has been provided as Appendix A.

Salary Increases and Salary Step Truncation

The salary schedule for the firefighter position currently contains thirteen steps and step increases are attained annually. Under the proposed MOA the current thirteen-step schedule for the firefighter title would be reduced to a nine-step salary schedule. The new nine-step schedule would be implemented for both current employees and new hires. As of July 1, 2018, all new hires would serve on the first step, Step 1, during their first two years of service. At the individual’s second anniversary of his or her date of hire, he or she will advance to Step 2 and will continue to move up a step annually on the anniversary date until he or she reaches the top step, Step 9. It will now take an individual ten years to reach the top step, as opposed to the current schedule where an individual reaches the top step in thirteen years.

Salary increases for both firefighters and command officers are effective as of July 1st of each year covered by the proposed MOA. Salary steps occur on the employee’s anniversary date.

The following summarizes the new nine-step salary schedule through June 30, 2025 compared to the previous thirteen-step salary schedule as of June 30, 2017:

Expired CBA		Proposed MOA								
	2016-17		0%	2%	4%	4%	4%	4%	3%	3%
Step	Rates	Step	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
			Rates							
A	\$35,000	-	\$35,000	eliminated						
B	\$38,500	1*	\$38,500	\$39,270	\$40,841	\$42,474	\$44,173	\$45,940	\$47,319	\$48,738
1	\$41,233	2	\$41,233	\$42,058	\$43,740	\$45,490	\$47,309	\$49,202	\$50,678	\$52,198
2	\$43,946	3	\$43,946	\$44,825	\$46,618	\$48,483	\$50,422	\$52,439	\$54,012	\$55,632
3	\$46,669	4	\$46,669	\$47,602	\$49,506	\$51,487	\$53,546	\$55,688	\$57,359	\$59,079
4	\$49,392	5	\$49,392	\$50,380	\$52,395	\$54,491	\$56,670	\$58,937	\$60,705	\$62,527
5	\$52,115	-	\$52,115	eliminated						
6	\$54,838	6	\$54,838	\$55,935	\$58,172	\$60,499	\$62,919	\$65,436	\$67,399	\$69,421
7	\$57,561	-	\$57,561	eliminated						
8	\$60,284	7	\$60,284	\$61,490	\$63,949	\$66,507	\$69,168	\$71,934	\$74,092	\$76,315
9	\$63,007	8	\$63,007	\$64,267	\$66,838	\$69,511	\$72,292	\$75,183	\$77,439	\$79,762
10	\$65,730	-	\$65,730	eliminated						
11	\$68,461	9	\$68,461	\$69,830	\$72,623	\$75,528	\$78,550	\$81,691	\$84,142	\$86,666

*Employees hired after ratification of the proposed MOA will be on Step 1 for the first two years of employment.

All the command officer positions will receive corresponding annual salary increases on July 1st, between July 1, 2018 through July 1, 2024. Officer positions including Lieutenants, Captains, Battalion and Division Chiefs are not on a salary step schedule, but are at a flat rate. Additionally, all exempt positions are salaried.

The City has budgeted for two new firefighter classes in the 2018-19 fiscal year for a total of 90 positions, as well as 30 positions in each of the three out-years of the 2019-2022 Financial Plan. The first group of 58 recruits are currently in the Fire Academy and are scheduled to be fully deployed to line companies by early January 2019. An additional 32 recruits are planned for in the spring of 2019, which would have them in line companies by the end of the summer. The City estimates that retirements will continue at the current rate of 20-25 retirements a year and has identified approximately 25 employees who are currently on leave under Injured-on-Duty (“IOD”) status who are eligible to retire and receive a service pension. Based on these assumptions and as compared to 710 filled positions at September 30, 2018, the Fire Department could potentially realize a net decrease of three full-time equivalent positions (“FTE’s”) to a net increase of seventeen FTE’s, ranging from 707 to 727 filled positions over the four years of the financial plan depending on the level of retirements. While the City has budgeted 742 FTE’s, the difference is to allow the City flexibility to recruit a large enough class to fill expected retirements and will not be permanently maintained at that level. It is important to note that there is a minimum staffing requirement for firefighters, and in the event there is an insufficient number of employees for any shift, individuals would be called in to cover the manning requirements resulting in the incurrence of overtime expenditures.

The previous MOA expired on June 30, 2017, and the proposed MOA does not include a salary increase prior to July 1, 2018. Individuals that have retired between July 1, 2018 and the ratification of the MOA would be eligible for and receive the compensation increases prorated based on hours worked prior to retirement.

Effective July 1, 2018, all salaries shall be increased 2%. Effective on July 1, 2019, 2020, 2021 and 2022 all salaries shall be increased by 4% annually. Effective July 1, 2023 and 2024, all salaries shall be increased by 3%.

Under the proposed contract terms, members of Local 282 will receive an increase of 26.6 percent in base salary from July 1, 2018 to June 30, 2024, representing an average annual increase of 3.3 percent over this time period and a compound annual growth rate of 3.0 percent.

The following summarizes the salary increases associated with the proposed MOA for a firefighter at the top step over the eight years of the contract:

Annual Salary Increase Firefighter at Top Step			
Effective Date	Increase	Salary	Annual Increase
Current	-	\$68,461	-
July 1, 2017	0%	\$68,461	\$0
July 1, 2018	2%	\$69,830	\$1,369
July 1, 2019	4%	\$72,623	\$2,793
July 1, 2020	4%	\$75,528	\$2,905
July 1, 2021	4%	\$78,550	\$3,021
July 1, 2022	4%	\$81,691	\$3,142
July 1, 2023	3%	\$84,142	\$2,451
July 1, 2024	3%	\$86,666	\$2,524
Total Increase	26.6%	\$18,205	-
Average Annual Increase	3.3%	-	\$2,276
Compound Annual Growth Rate	3.0%	-	-

24-Hour Schedule

A significant change to the current CBA is that Local 282 employees will now be operating on a 24-hour shift schedule as opposed to the current 9-hour/15-hour split schedule. Under the expired labor agreement, employees work a total of 48 hours over an eight-day period, which is defined as a tour. Currently employees work two 9-hour day shifts (8am-5pm) followed by two 15-hour night shifts (5pm-8am) followed by four days off.

The new proposed schedule will have all line units on a 24-hour shift schedule beginning on January 1, 2019. The new work tour will consist of working one 24-hour shift followed with being off one 24-hour period, then working one 24-hour shift followed with being off for five 24-hour periods. There are policies and procedures in place to determine what staff may do during the 24-hour period they are on duty.

Dynamic Staffing and Use of Paid Time Off

Under the proposed MOA, the Fire Department will implement a new dynamic staffing model in conjunction with the new 24-hour schedule. The new staffing model will provide the City the ability to increase the base number of employees that are schedule during a shift from 143 FTE’s to 155 FTE’s. This increase in staffing will provide a greater initial base of employees to cover all line company assignments with extra manpower to backfill any employees that may be scheduled to be off or that may call in sick.

A key component of the dynamic staffing model is the method in which employees may use paid time-off including vacation time, compensatory time, sick time and personal leave time. Under the proposed MOA, the only paid time off that is being modified is sick leave which is reduced from 9 hours a month to 8 hours a month. All other forms of annual paid leave and the ability to either bank time or cash out accrued time remains unmodified.

Upon ratification of the proposed MOA the maximum number of line duty firefighters who may be scheduled off on vacation or compensatory time for any given shift is 31.

Vacation time must be taken in 24-hour increments; during the summer vacation schedule, vacation time must be taken as an entire tour of forty-eight consecutive work hours. A member shall be entitled to take vacation time provided the member has given prior notice to the member's Battalion Chief no later than the end of the members prior tour. Sick leave must be taken in 24-hour increments.

Compensatory leave time must be taken in 24-hour increments and is no longer required to be taken as an entire tour. Compensatory leave time cannot be taken during the summer vacation schedule. Personal leave time may be taken in either 24-hour increments, 15-hour increments beginning at 5pm, or 9-hour increments beginning at 8am. A member may take personal leave time in any of these agreed-upon allotted increments as long as they remain under the fifty-seven hour threshold for personal leave time per year. A member shall be entitled to take compensatory or personal leave time provided the member has given prior notice to the member's Battalion Chief no later than 24-hours prior.

Management still has the authority to close one fire company per scheduled shift if five or more employees are off on sick leave, subject to conditions. During the summer vacation schedule, one fire company may be removed if the shift manpower falls to 124 employees; the minimum manning for the summer vacation schedule is 127 employees and includes line company members (nineteen engines, nine ladders, and one rescue company), and one Division Chief, four line Battalion Chiefs, one F-40, one F-20, and three members of the Service station.

During the rest of the year, from the end of the summer vacation period to the beginning of the following summer vacation period, management may close one company if manpower falls to 113 employees. Minimum manning requirements during this period is 117 and includes line company members (nineteen engines, nine ladders, and one rescue company).

Health Insurance

There is one provision that is modified in regard to health insurance which is the mandated use of generic prescription drugs by employees. This provision is maintained in retirement by current employees if they retire after January 1, 2019. The following is a summary of the mandated use of generic prescription drugs and corresponding co-payments.

Effective January 1, 2019, members shall receive the generic equivalent of all newly prescribed medications:

- a. Any member choosing to receive a name-brand medication in lieu of that medication's generic equivalent shall be required to pay that name-brand medication's co-pay along with the difference in retail cost between that name-brand medication and its generic equivalent.
- b. Generic maintenance medications shall be dispensed in ninety (90) day supplies through the mail rather than in-person. A maintenance medication is agreed to be a medication which is prescribed on a recurrent basis to treat a chronic condition. Those members currently receiving maintenance medications shall not be required to change medications when this section is implemented.
- c. Any members prescribed name-brand or specialty medications for which there is no generic equivalent shall be entitled to receive those medications as prescribed, and shall pay only the indicated co-pays for said medications.
- d. The prescription co-pay schedule shall be set at \$5 for generic medications, \$20 for name-brand medications, and \$35 for specialty medications. The co-pay for ninety (90) day maintenance medications shall be two-and-one-half (2½) times the scheduled co-pay for a thirty (30) day supply.

All other provisions in regards to health insurance remain unchanged.

The City is self-insured for both health insurance and prescription drugs. Local 282 members are currently offered the POS 201 plan. The premium cost equivalent is \$6,317 for single coverage and \$16,993 for family coverage, including the costs of both the health insurance premium and the prescription drug coverage.

The actual total premium equivalent increase for 2018-19 is 6.6 percent compared to 2017-18.

Active Employees

Currently any employee hired prior to July 1, 2013, contributes nothing towards health insurance premiums.

Employees hired after July 1, 2013 contribute towards health insurance during the term of their employment, contributing 25 percent for single coverage and 15 percent for family coverage. Individuals who forego health insurance receive \$600 annually in lieu of receiving health insurance.

Using current premium equivalent rates, an employee will contribute \$1,579 annually for single coverage in fiscal year 2018-19 or \$2,549 annually for family coverage for the POS 201 plan.

Excise Tax

Per the 2013 MOA, the City and Local 282 agreed to meet in January of each year to negotiate changes in the health insurance plans necessary to avoid the imposition of an excise tax applied to high cost plans under the Affordable Care Act. The two parties have not met since 2013 as it has not been necessary; implementation of the excise tax has been delayed by Congress for an additional two years and currently will be effective in 2022.

Retired Employees

Any employee who retires after January 1, 2019 is subject to the new generic prescription drug mandate, otherwise there is no material change in retirement benefits. Retirees receive healthcare at retirement and contribute at the rate required as an active employee under the terms of the prior CBA.

At retirement employees shall be required to enroll in Medicare Part B and are required to make Medicare their primary coverage; the City shall pay the cost of such Medicare Part B coverage. Employees who retired prior to July 1, 2013 were not required to enroll in Medicare but the City has been actively encouraging them to enroll into Medicare at age 65. The City is responsible for providing health insurance to the retiree between the time of retirement and eligibility for enrollment in Medicare, and will provide a senior care product to retirees as an additional cost to the City.

Home Confinement Policy

The proposed MOA provides for an enhanced Home Confinement Policy and the process that will be utilized in conducting home confinement checks. Employees that call in sick or are out on IOD leave are required to be at their residence during their scheduled shift, except for doctor's visits or medical treatment. The City may conduct home confinement checks on the twelve holidays or once a member has been off sick for more than two consecutive 24-hour shifts. If a member is off sick for four consecutive 24-hour work shifts that member may be required to provide reasonable proof of illness to the Commissioner. If a member is off sick for more than eight 24-hour shifts within a calendar year, the Commissioner may direct that member to submit to an Independent Medical Examiner to verify their illness.

The following are the penalties for those that violate the Home Confinement Policy within a 12 month period. The penalties are financially punitive and are designed to discourage employees from using sick-leave for non-sick leave instances. The penalties are as follows:

- a. 1st Offense—Employee will have 2 times the number of hours of the shift during which the violation occurred deducted from their accumulated sick leave.
- b. 2nd Offense within twelve months of a previous offense—Employee will have 3 times the number of hours of the shift during which the violation occurred deducted from their accumulated sick leave.
- c. 3rd Offense within twelve months of the previous offense—Employee will have 4 times the number of hours of the shift during which the violation occurred deducted from their accumulated sick leave.
- d. 4th Offense within twenty-four month period—The Commissioner may allege all four violations and commence disciplinary proceedings and seek any penalty, including dismissal from service.

IOD Policy

The proposed MOA modifies and codifies a new Injured-on-Duty (“IOD”) policy which shall supersede and replace the previous IOD policy. Effective upon ratification of the MOA, Local 282 agrees to actively participate with the City’s efforts to enter into agreements with those individual members presently receiving IOD (G.M.L. §207-a) benefits and who are, or shall become, eligible for retirement. Local 282, in cooperation with the City, shall meet with those members receiving IOD benefits who are identified by the City as potential candidates for the receipt of a service disability pension, and encourage them to enter into retirement. It is noted that the changes to the IOD policy shall only apply to members whose injuries have occurred on or after the date of ratification of the MOA; members already on IOD status at time of ratification of the MOA who have not applied for G.M.L. §207-a retirement shall be subject to Sections 7 and 8 of the new IOD policy which deal with applying for retirement or working a modified or light duty schedule, respectively.

The new policy outlines the steps and timing an employee must complete and the submission of required materials to be considered to be placed on IOD leave. Eligibility for the placement on IOD is no longer automatic, and the Commissioner of Fire will review all requests to be placed on IOD. Employees are required to provide medical proof of injury or illness. Employees are expected to be under home confinement during their schedule shifts, other than for medical treatments and office visits. Employees will no longer be permitted to maintain outside employment if they are out on IOD.

In addition, members on IOD that are provided a medical clearance may be assigned to light-duty or non-manpower light duty. These functions are non-line company assignments, in that they are not actively working in line companies, but are serving in support functions primarily in the service station. Typical work activities for light-duty include loading and unloading of supplies such as air tanks, fire extinguishers, tools, and turn out gear as well as delivering of said supplies. Light duty employees will be responsible for filling air bottles at the service station, as well as completing house work such as sweeping, mopping, washing dishes, etc..., and watch duties. Non-manpower duties are similar in scope with the limitation being “to the level that they are medically capable of.”

The City estimates savings by moving employees that are currently on long-term IOD and are unable to work due to their injury/illness to a service retirement pension; the City has identified approximately 25 such individuals and estimates an average savings of \$50,000 per individual. The savings represents the difference between what the City is currently paying in salary, or would be paying in salary, and what the individual receives from the New York State Local Retirement System under a G.M.L. 207-A separation. The retirement of these individuals will also create budgeted positions that can be filled. Additionally, the City will be able to utilize individuals out on IOD but cleared for light duty or light non-manpower duty which will reduce overtime in such service areas as the City will be able to staff the work with these individuals at straight salary as opposed to calling in other firefighters on overtime.

Summary of Other Contract Provisions

The following contract provisions are deemed to have little to no financial impact or reflect managerial efficiencies.

Longevity

There is no change to longevity payments. Longevity payments for individuals that have accrued at least one year of service will be \$210/year. The number of years an individual can receive longevity payments is 30 years.

Paid Time-Off

All paid leave time accruals, other than sick leave, are unchanged. The various paid leave categories are summarized below.

Vacation Leave

All employees were previously moved to a new schedule for accruing vacation leave under the 2013 MOA which extended the amount of time it took an employee to accrue vacation time. A tour is equivalent to 48 hours.

Current Accrual		
Years of Completed Service	Tours Entitled	Hours
1-4	1	48
5-12	2	96
13-16	3	144
17-21	4	192
22+	5	240

Personal Leave

There is no change in the amount of personal leave an individual earns annually. With the proposed change to a 24-hour shift, the proposed MOA addresses how time may be utilized.

Employees earn personal leave as follows:

- a. Year 1—24 hours
- b. Year 2—48 hours
- c. Year 3+—57 hours

Personal leave may be taken in either 24-hour increments, 15-hour increments from 5pm-8am, or 9-hour increments from 8am-5pm.

Overtime

There are minimal direct modifications to contractual overtime provisions in regards to filling special details. Minimum overtime for a call in remains at 2 hours of overtime.

Special details shall be furnished by the Buffalo Fire Department to provide emergency services at public events when the Commissioner or designee determines that such emergency medical services are required. Overtime will be used to fill the special details if insufficient manpower is available from across the City. The plan is to fill special details from line companies that may be over staffed with firefighters on their normal scheduled shift and then call in additional firefighters to fill any remaining openings for the special detail. The City does not anticipate incurring significant overtime for the provision of such services.

The Fire Commissioner and/or his designee still has the authority to close one company per shift if there are insufficient firefighters reporting for duty. If on any shift five individuals from the same fire company call in sick, the fire company may be closed for that shift. Employees reporting to duty at the closed fire company will be reassigned to other fire companies. Only one fire company may come offline at any time.

Holidays

There are no changes to holiday pay. All eligible employees will receive sixty hours of holiday pay annually. Any employee who calls in sick for a scheduled shift on a designated holiday shall not receive holiday pay for that day and shall have five hours deducted from their holiday pay allowance.

Sick Leave Accrual and Cash Out

The proposed MOA reduces the amount of sick time an employee earns per month from 9 hours a month to 8 hours a month. To utilize sick leave, a member must call in sick to the Alarm Office of the Buffalo Fire Department and to the member's fire station. If a member remains off sick, that member must call in sick again at the beginning of each subsequent tour; such previous call-in provisions did not require any subsequent communication after the initial sick call. There is no cap on the amount of sick-time that may be accrued. Effectively, an individual who works for thirty years and does not use sick time could accrue 2,880 hours compared to the previous 3,240 hours under the expired MOA.

Employees may sell back up to 2,500 hours of sick leave at retirement. Employees will be paid out at one hour for every three hours accumulated between 1 and 1,500 and at one hour for every two hours accumulated between 1,501 and 2,500 hours.

Bereavement Leave

Upon ratification of the MOA, bereavement leave will be expanded to include step-relatives (e.g., step-parents, step-children, step-siblings, step-grandparents/grandchildren, etc.) and any relative of the member or member's spouse residing in their household.

Bereavement leave shall be granted to any permanent employee who has suffered a death in their immediate family and such leave shall begin on the day of such death. Due to the firefighter's

work schedule, all members shall receive two consecutive 24-hour work shifts off if the death occurred while on their scheduled day off. If the death occurs while member is working, member shall receive the day of death and the following 24-hour shift.

Auto Stipend

The auto stipend for qualified employees is increasing from \$9/day to \$22/day for individuals who are required to utilize their own personal owned vehicle during their scheduled shift for Buffalo Fire Department Business. This includes being reassigned from their company to backfill at another company or participate on a special detail.

Residency

There is no change in the residency requirement; all employees hired on or after January 1, 2012 must maintain active domiciled residency within the City of Buffalo throughout their employment with the Department.

Management Efficiencies and Other Provisions

Biddable Positions

Employees currently bid on assignments, and filling those assignments are based on seniority and experience. The following biddable positions are positions that require additional knowledge and experience in a particular area.

Key positions include:

Special Operations Division Chief and the Safety Battalion Chief

Service Station – 1 Captain and 3 Lieutenants

Training Bureau – 1 Captain, 4 Lieutenants, and 2 Firefighters

Training

Effective twenty-four months from the ratification of the MOA, any training beyond daily shift training shall only be conducted through the Buffalo Fire Department Training Bureau. No members shall be removed from their companies to perform training except for the initial fire recruit academy class or the first line officer training class.

Promotions to Officer Position

Effective upon ratification of this MOA, when an officer position becomes vacant for any reason and results in the number of members holding that position to fall below the agreed upon minimum officer positions, the City shall promote from the then existing promotional list, pursuant to Civil Service Law, within sixty days of the positions becoming vacant.

Litigation and Grievances

The proposed MOA discontinues one grievance regarding dynamic staffing that the parties have agreed will be discontinued once the MOA is ratified.

Union Business

The current CBA allows two members of Local 282, the President and one other elected member of the Executive Board, to be selected by the union and to be on full-time release from their duties for union business. The President shall be paid during such release at the Captain pay rate, unless the President holds a higher rank, in which case he or she shall receive the higher pay rate and the second member shall be paid at his or her pay rate. If the President elects to work overtime, he or she shall be compensated at the civil service rate.

Financial Impact

Following is a summary of the expected costs and associated savings of the terms of the proposed MOA:

	Year 2 (18/19)	Year 3 (19/20)	Year 4 (20/21)	Year 5 (21/22)	Financial Plan	Year 6 (22/23)	Year 7 (23/24)	Year 8 (24/25)	
	2%	4%	4%	4%	Subtotal	4%	3%	3%	Total
Salary Increase:	\$ 1,177,749	\$ 3,580,358	\$ 6,079,071	\$ 8,677,733	\$ 19,514,912	\$ 11,380,341	\$ 13,488,375	\$ 15,659,651	\$ 60,043,278
Fringe	337,425	1,025,773	1,741,654	2,486,170	5,591,022	3,260,468	3,864,419	4,486,490	17,202,399
Auto Allowance	3,127	3,127	3,127	3,127	12,509	3,127	3,127	3,127	21,891
Personnel Costs	\$ 1,518,302	\$ 4,609,258	\$ 7,823,852	\$ 11,167,031	\$ 25,118,443	\$ 14,643,936	\$ 17,355,922	\$ 20,149,268	\$ 77,267,568
Savings:									
Generic Mandate	\$ (200,000)	\$ (898,332)	\$ (943,249)	\$ (990,411)	\$ (3,031,992)	\$ (1,039,932)	\$ (1,091,929)	\$ (1,146,525)	\$ (6,310,378)
Elimination of 12 PTO Hours	(162,000)	(336,960)	(350,438)	(364,456)	(1,213,854)	(379,034)	(390,405)	(402,117)	(2,385,411)
IOD/Retirement Buyout (25 FF @ 50,000)	(625,000)	(1,325,000)	(1,378,000)	(1,433,120)	(4,761,120)	(1,490,445)	(1,535,158)	(1,581,213)	(9,367,936)
Dynamic Staffing (3 Months)	-	(642,720)	(668,429)	(695,166)	(2,006,315)	(722,973)	(744,662)	(767,002)	(4,240,951)
Dynamic Staffing (9 Months)	-	(208,000)	(216,320)	(224,973)	(649,293)	(233,972)	(240,991)	(248,221)	(1,372,476)
IOD/IME	-	(70,000)	(70,000)	(70,000)	(210,000)	(70,000)	(70,000)	(70,000)	(420,000)
8 Positions for IOD Light Duty	-	(416,000)	(432,640)	(449,946)	(1,298,586)	(467,944)	(481,982)	(496,442)	(2,744,954)
6 Positions for Non-MP Light Duty	-	(156,000)	(162,240)	(168,730)	(486,970)	(175,479)	(180,744)	(186,166)	(1,029,359)
Annual Retirements (20) Step 7 to Step 1	(286,000)	(600,600)	(618,620)	(637,180)	(2,142,400)	(656,280)	(676,160)	(689,480)	(4,164,320)
Contract Savings	\$ (1,273,000)	\$ (4,653,612)	\$ (4,839,936)	\$ (5,033,982)	\$ (15,800,530)	\$ (5,236,058)	\$ (5,412,031)	\$ (5,587,165)	\$ (32,035,784)
(Savings)/Cost	\$ 245,302	\$ (44,354)	\$ 2,983,916	\$ 6,133,049	\$ 9,317,913	\$ 9,407,878	\$ 11,943,891	\$ 14,562,103	\$ 45,231,784

Total Net Cost in the 2018-19 Adopted Budget

The proposed MOA includes increases of 2 percent in employee compensation effective July 1, 2018. The City’s payments to the New York State Police and Firefighters Retirement System (“NYSPFRS”) and employer payroll taxes have been estimated by the City to be approximately 28.65% combined of the salary increases. It is expected that the salary adjustments effective July 1, 2018 will be paid in late December 2018 or January 2019.

The estimate for the salary adjustment at July 1, 2018 is \$1.2 million for salaries and \$0.3 for fringe benefits, for a total gross cost of \$1.5 million. Total contractual savings are estimated to be \$1.3 million. The net cost is estimated at \$0.2 million in the current fiscal year. Savings are limited in the current fiscal year to six months of operations due to timing of the approval of the MOA and when several key provisions will begin including the new 24-hour shift schedule, the

generic mandate for prescription drugs and the reduction to sick time. Savings are discussed in further detail below.

Estimated Savings over the Financial Plan

The proposed MOA includes several cost-saving measures. Savings in the 2018-19 fiscal year are the reflective of the following actions:

- Generic mandate – The generic prescription drug mandate on all new prescription drugs will provide savings as all new prescriptions must be filled generically as available.
- Elimination of 12 PTO hours – The elimination of 12 sick hours a year per employee reduces the number of hours an individual may call in which in turn reduces the amount of overtime used to fill any call-ins. In addition, sick leave must be taken in full 24-hour increments which should discourage employees from using sick leave for non-illnesses.
- IOD/Retirement buyout – IOD retirement buyouts provides savings from the City’s requirement to pay only the differential between the individual’s salary as an active employee and the pension received from NYSPFRS. The estimated savings projected by the City is on average \$50,000 per employee times twenty-five individuals who are expected to file for a service disabled pension.
- Dynamic staffing – Operating under a 24-hour shift schedule and capping the number of individuals that may take off for vacation and compensatory time to 31 employees per shift will reduce overtime. Furthermore, various time off is required to be taken in 24-hour increments including vacation time, compensatory time and sick time which will assist the City in managing its workforce more effectively. In addition, increasing the number of individuals assigned to a platoon from 143 to 155 firefighters will provide a larger initial staff for the shift, which in turn is expected to reduce the number of individuals needed to be called in on overtime.
- IOD/IME – Savings are attributed to the revised IOD policy that utilizes an independent medical examiner (“IME”) to determine if an employee has the ability to return to work or to be placed on light duty.
- Light duty – The requirement in the IOD policy to staff light duty and non-manpower light duty with individuals who are physically able to perform such work will be used to manage overtime. Individuals that qualify would be assigned duties based on their physical abilities and paid at straight time, as opposed to bringing in another firefighter to do the same duties on overtime.
- Annual retirements – The incremental salary savings based on raises within the proposed MOA reflect additional savings to be considered.

As noted previously, there are no fiscal year costs or savings associated with July 1, 2017 – June 30, 2018. Going forward all savings are based on the assumption that changes in the MOA will be effective beginning for the full 2019-20 fiscal year, with six months of savings estimated in the 2018-19 fiscal year.

Net Cost over the 2019-2022 Financial Plan and the Contract Term

BFSA's financial analysis of the costs of the labor agreement results in total estimated incremental costs of \$15.8 million over the 2019-2022 Financial Plan and \$51.7 million over the term of the contract. Total gross costs are estimated at \$25.1 million and \$77.3 million and total gross savings are estimated at \$15.8 million and \$32.0 million over the 2019-2022 Financial Plan and term of the contract, respectively.

The costs of the contract become more significant with the passage of time, with the overall cost impact being more heavily weighted in the last four years of the contract term.

In total, over the life of the contract, savings are estimated at 41.4 percent of total costs.

Funding of Net Costs

The City's 2019-2022 Financial Plan previously included an estimated 2% salary increase for the anticipated contract settlement. The additional incremental costs will be funded through the use of the previously budgeted line item for unsettled labor contracts. This specific budgeted line is in addition to the above referenced 2% raises and provides additional budgeted funding for the settlement of all labor contracts by the City.

The City included \$2.35 million annually in its financial plan for the future settlement of all expired or expiring labor agreements. The City has included the use of \$3.4 million of the \$9.4 million included over the four years of the financial plan for the costs of the Local 264 contract, leaving a remaining amount of \$6.0 million available for future collective bargaining. It is noted that three significant labor contracts are set to expire on June 30, 2019, including the agreement with the Police Benevolent Association, Local 264 representing blue collar employees, and Local 650 representing white collar employees. Additionally, the City has included 2.0 percent increases annually for all employee groups with expiring labor contracts in the respective departmental budget for future collective bargaining.

Due to the reasons outlined above, the City does not have to modify its 2018-19 Adopted Budget but has submitted a revised 2019-2022 Financial Plan identifying the resources to pay for the increased costs of the MOA. However, due to the significant increase in labor costs in the years beyond the current four-year financial plan, it is advisable for the City to forecast beyond the four-year period to evaluate the impact these increased costs will have on future budgets.

OPEB Impact

The City did not estimate the impact from the generic prescription drug mandate provision on the other postemployment benefit ("OPEB") liability. Savings will be from the requirement for current employees who retire after January 1, 2019 to receive generic prescription drugs as available. As of June 30, 2017, the City-wide actuarial accrued liability was estimated at \$1.5 billion, all of which is unfunded.

Conclusions

Based on the results of the financial analysis, the following conclusions are made:

- The incremental costs of this contract have been prospectively funded over the 2019-2022 Financial Plan through the combination of the estimated budgeted increases in salaries for Local 282 and the additional salary adjustment line for the accrual of all unsettled labor contracts. A revised 2019-2022 Financial Plan was submitted by the City reflecting the use of these resources to address the out-year cost increases.
- The total estimated costs of this labor agreement increase exponentially over the term of the contract as salary raises compound and estimated savings level out, with the majority of total estimated costs being incurred in the years beyond the current financial plan. It is advised the City forecast beyond the four-year financial plan to evaluate the impact the increased labor costs will have on future budgets.
- The MOA expires three years after the end of the current financial plan on June 30, 2025. It provides the City with some predictability of where the firefighters' employee costs will be over the next few years.
- The affordability of the labor contract relies on the reasonableness of the underlying assumptions in both the 2019-2022 Financial Plan and the projected savings estimated by the City for certain provisions of the proposed MOA. The City has included uncertain revenues over the Financial Plan which must be recognized to remain operationally balanced. A revenue shortfall would likely result in the City's need to identify new revenue sources, such as further increases to property taxes, or to reduce expenditures. Uncertain revenues in the Financial Plan include untested sources such as an entertainment surcharge which has not yet been finalized and a substantial increase in gifts and donations largely through the payment of property taxes structured as charitable donations which the IRS has subsequently issued guidance in opposition to. Increases to New York State Aid have been provided in the out years of the financial plan in the amount of \$9.9 million although the State has indicated increases are not budgeted. Fines and service charges have also been projected to increase over the financial plan and have not meet budgeted expectations over the last two years. Additionally, certain key underlying estimates of savings to the City for MOA provisions are difficult to predict and therefore difficult to estimate. Actual labor costs associated with this contract that exceed the estimate will result in additional fiscal pressure to the City.
- Total fund balance at June 30, 2018 is \$92.0 million and unassigned fund balance is \$0. Unassigned fund balance is no longer available to be used as a resource to close operating deficits, which was contemplated during development of the 2019-2022 Financial Plan. It is noted the City reported a deficit for the year ended June 30, 2018 of \$22.9 million; similar financial results in 2018-19 would result in significant pressure to the City.