



Administration

David N. Cicilline, Mayor | Richard Kerbel, Director

Budget Message

April 30, 2010

The Honorable Members of the Providence City Council  
Providence City Hall  
25 Dorrance Street  
Providence, RI 02903

Dear City Council Members:

Similar to last year, a key component of the City Budget, the State budget remains unresolved and highly unpredictable. There are no available projections that offer even a minimal level of reliability. Therefore, to avoid confusion and wasted time for members of the Council and my Administration, this submission does not posit a theoretical revenue scenario but instead is based upon revenues from the State consistent with those in the adopted FY 2010 State Budget.

The proposed budget ordinances do reflect realistic expenditure scenarios that are consistent with adopted and proposed Union Collective Bargaining Agreements, adopted and proposed debt service and the actuarial assumptions for fully funding the City's pension obligations and the City's health insurance costs.

The budget proposed to the City Council can be summarized as follows:

1. The Budget calls for no property tax increase.
2. The total budget is \$639 Mil. This is a 3% increase in expenditures and revenues when you back out the change in the reporting of the Planning Department non local property tax funding.
3. The budget proposes no change in the City revenues supporting the school budget.
4. The budget assumes passage of the Fire contract by the City Council.
5. The major budget drivers on the expense side are:
  - a. a 5.7% increase in health benefit expenses,
  - b. a \$6.5 Mill increase in debt service,
  - c. a \$5Mil increase in pension payments,
  - d. negotiated wage increases for Local 1033 and Fire Union personnel
  - e. no wage increases for non-union personnel, and
  - f. Negotiated increases in union health benefit co-payments.
6. The major budget drivers on the revenue side are:
  - a. no increase in the property tax levy,

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IN CITY COUNCIL  
MAY 6 2010

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THE SAME BE RECEIVED.  
*John M. State* CLERK

- b. increase in state reimbursement for school construction(\$13.4Mil),
  - c. the same state revenues in all other categories that are in this year's adopted budget,
  - d. an increase in the expendable trust revenue (\$6.3 Mil) and
  - e. Minor changes in departmental revenues.
7. A change in the reporting mechanism for planning department expenses reflects a onetime increase on both the revenue and expense side of \$2.5 Mil.

The table below summarizes the changes in Revenues as proposed in the budget.

	Budget 2010	Proposed Budget FY 2011	Change	Percent Change
<u>Revenues</u>				
Taxes	284,756,403.00	284,856,403.00	100,000.00	0.0351%
State Revenues and Aid	262,386,847.00	275,809,863.00	13,423,016.00	5.1157%
Local Receipts				
PILOT Payments	10,891,701.00	10,305,000.00	(586,701.00)	-5.3867%
Licenses and Permits	6,534,250.00	6,210,000.00	(324,250.00)	-4.9623%
Fines and Forfeits	7,900,000.00	7,900,000.00	0.00	0.0000%
Interest Income	6,700,000.00	6,700,000.00	0.00	0.0000%
Charges for Services	3,823,000.00	4,823,000.00	1,000,000.00	20.7340%
Tuition	420,000.00	420,000.00	0.00	0.0000%
Rentals	5,029,000.00	5,049,000.00	20,000.00	0.3961%
Departmental Fees	6,100,701.00	6,360,700.00	259,999.00	4.2618%
Other Funding Sources	23,360,818.00	30,708,996.26	7,348,178.26	31.4551%
	70,759,470.00	78,476,696.26	7,717,226.26	46.50%
 Total Revenues	 617,902,720.00	 639,142,962.26	 21,240,242.26	 3.44%

As mentioned previously the increase in State Revenues is due to the increase in reimbursement from the State for debt service for the Providence Career Technical Academy and the Nathan Bishop Middle School. The Charges for Services increases by \$1,000,000 because of additional revenues anticipated by the additional rescue called for in the Fire Contract. The Other Funding Sources increase is the aggregate of the Planning Department reporting change and the increase in anticipated revenues from the Expendable Trust.

The following table shows the changes in the proposed expenditures in the budget by department.

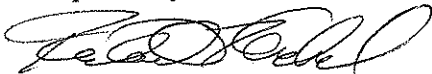
	Budget 2010	Proposed Budget FY 2011	Change	Percent Change
<b><u>Expenditures</u></b>				
Mayor	2,804,868.00	2,758,565.89	(46,302.11)	-1.65%
City Solicitor	3,553,306.00	3,646,058.23	92,752.23	2.61%
Finance	8,102,504.37	8,308,018.77	205,514.40	2.54%
Information Technology	2,668,228.00	2,848,905.18	180,677.18	6.77%
Human Resources	3,303,586.42	3,334,474.99	30,888.58	0.94%
Public Safety				
Commissioner of Public Safety	1,298,849.56	1,408,730.59	109,881.03	8.46%
Fire Department	60,647,552.22	61,886,050.20	1,238,497.98	2.04%
Police Department	69,331,123.14	68,539,834.91	(791,288.22)	-1.14%
Communications	8,819,881.36	9,513,972.27	694,090.91	7.87%
Emergency Management	617,484.00	633,801.97	16,317.97	2.64%
Subtotal	140,714,890.28	141,982,389.94	1,267,499.66	0.90%
Planning and Development	2,968,050.00	5,978,864.43	3,010,814.43	101.44%
Public Works	22,437,916.93	21,678,868.61	(759,048.33)	-3.38%
Parks and Recreation	15,280,457.28	15,342,729.36	62,272.08	0.41%
Inspections and Standards	4,553,711.65	4,830,421.70	276,710.05	6.08%
Public Property and Purchasing	12,496,737.92	12,454,683.55	(42,054.37)	-0.34%
Housing Court	400,709.79	396,663.60	(4,046.20)	-1.01%
Human Services				
Arts, Culture and Tourism	487,834.37	485,791.69	(2,042.68)	-0.42%
Human Services Commission	252,885.00	252,484.79	(400.21)	-0.16%
Department of Human Services	301,466.00	300,033.68	(1,432.32)	-0.48%
P.E.R.A.	293,615.44	289,597.77	(4,017.67)	-1.37%
Subtotal	1,335,800.81	1,327,907.93	(7,892.89)	-0.59%
Miscellaneous Departments				
Board of Canvassers	520,083.00	912,077.83	391,994.83	75.37%
Board of Licenses	639,766.00	704,398.96	64,632.95	10.10%
Vital Statistics	372,333.00	374,736.50	2,403.50	0.65%
Subtotal	1,532,182.00	1,991,213.28	459,031.28	29.96%
Unallocated Expenses				
Reserve for Abatements	350,000.00	350,000.00	0.00	0.00%
Contingencies	110,000.00	110,000.00	0.00	0.00%
Debt Service	57,504,997.00	64,009,092.00	6,504,095.00	11.31%
Unallocated Benefits	15,024,645.00	24,635,458.43	9,610,813.43	63.97%
Subtotal	72,989,642.00	89,104,550.43	16,114,908.43	22.08%
City Council				
City Council	1,153,835.34	1,161,671.48	7,836.14	0.68%
Administration	1,016,046.00	1,007,376.18	(8,669.82)	-0.85%
Internal Auditor	493,870.00	495,389.63	1,519.63	0.31%
City Clerk	947,678.54	974,068.30	26,389.76	2.78%

Municipal Court	995,050.26	1,003,085.62	8,035.36	0.81%
Probate Court	422,428.43	434,500.84	12,072.41	2.86%
Treasury	467,163.13	469,967.86	2,804.73	0.60%
Archives	285,884.14	288,917.47	3,033.33	1.06%
Contingencies	75,707.00	75,707.00	0.00	0.00%
Subtotal	5,857,662.84	5,910,684.38	53,021.54	0.91%
Outside Agencies and Contributions	4,442,310.00	4,782,310.00	340,000.00	7.65%
Non-Union Furlough	(1,080,000.00)	(1,080,000.00)	0.00	0.00%
Total Municipal Services	304,362,564.30	325,597,310.26	21,234,745.96	6.98%
School	313,545,652.00	313,545,652.00	0.00	0.00%
	<u>617,908,216.30</u>	<u>639,142,962.26</u>	<u>21,234,745.96</u>	<u>3.44%</u>

The increase in the Unallocated Benefits category is because this is the category where the pension re-amortization was reflected last year as a savings of \$9,000,000. The increase in the Debt Service and Planning Department budgets were previously explained. The Fire Department increase is because of some of the one year savings that were reflected in this year's budget for the department. The Communications Department budget increase is for maintenance of the City's mesh network. Finally the other notable increase is in the Board of Canvassers due to the expense of running the election and primaries this coming year.

We are prepared to work with the City Council to provide any additional information you may require during the budget adoption process.

Respectfully Submitted



Dr. Richard Kerbel, D.E., P.E  
Director of Administration

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Fire Department	60,647,552.22	61,886,050.20	1,745,895.50	2.88%
Police Department	69,331,123.14	68,539,834.91	(134,697.18)	-0.19%
Communications	8,819,881.36	9,513,972.27	777,283.17	8.81%
Emergency Management	617,484.00	633,801.97	23,194.91	3.76%
Subtotal	140,714,890.28	141,982,389.94	2,529,498.07	1.80%
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Public Works	22,437,917.93	21,678,868.61	(652,717.22)	-2.91%
Parks and Recreation	15,280,457.28	14,935,200.43	(345,256.85)	-2.2595%
Inspections and Standards	4,553,711.65	4,830,421.70	326,417.88	7.17%
Public Property and Purchasing	12,496,737.92	12,454,683.55	(15,461.87)	-0.12%
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