

-414-

CITY OF PROVIDENCE RHODE ISLAND



CITY COUNCIL JOURNAL OF PROCEEDINGS

No. 9 City Council Special Meeting, Monday, April 25, 2005
Upon The Rise of the 6:00 o'clock City Council Meeting

PRESIDING

COUNCIL PRESIDENT
JOHN J. LOMBARDI

ROLL CALL

Present: COUNCIL PRESIDENT
LOMBARDI, COUNCILMEN APONTE,
BUTLER, DeLUCA, COUNCILWOMAN
DiRUZZO, COUNCILMEN JACKSON,
LUNA, SEGAL, COUNCILWOMEN
WILLIAMS and YOUNG - 10.

Absent: COUNCILMEN ALLEN, HASSETT,
IGLIOZZI, MANCINI and COUNCILWOMAN
ROMANO - 5.

Also Present: Adrienne G. Southgate,
Deputy City Solicitor, Michael R.
Clement, City Clerk, Claire E. Bestwick,
First Deputy City Clerk, Sheri A.
Petronio, Assistant Clerk and Vincent J.
Berarducci, City Sergeant.

2006 SEP 27 A 10:49
DEPT. OF CITY CLERK
PROVIDENCE, R.I.

FILED

IN CITY COUNCIL

OCT 5 2006

APPROVED

[Signature] CLERK

INVOCATION

The Invocation is given by COUNCIL-
WOMAN RITA M. WILLIAMS.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

COUNCILMAN DAVID A. SEGAL Leads
the Members of the City Council and the
Assemblage in the Pledge of Allegiance to
the Flag of the United States of America.

CALL FOR SPECIAL MEETING

COMMUNICATION FROM

COUNCIL PRESIDENT JOHN J. LOMBARDI

Request, filed with the City Clerk, April
22, 2005, Requesting a Special Meeting of the
City Council to be Called on the 25th day of

April, 2005 Upon The Rise of the 6:00 City
Council Meeting, in the City Council
Chamber, Third Floor, City Hall.

April 22, 2005

Michael R. Clement
City Clerk
City Hall
Providence, RI 02903

Dear Mr. Clement:

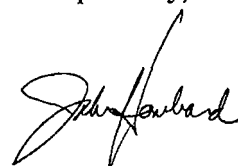
In accordance with the Provisions of Section 406 of the Providence Home Rule Charter of 1980, I am, this day, calling a Special Meeting of the City Council to be held on Monday, the 25th day of April 2005 at 6:00 o'clock P.M., in the City Council Chamber, Third Floor, City Hall for the purpose of acting upon the following:

**AN ORDINANCE IN AMENDMENT
OF CHAPTER 1994-52, AS
APPROVED DECEMBER 27, 1994,
ENTITLED: "AN ORDINANCE
ADOPTING PROVIDENCE 2000:
"THE COMPREHENSIVE PLAN**

**AS THE CITY'S COMPREHENSIVE
PLAN TO DIRECT THE
DEVELOPMENT OF THE CITY,
AS AMENDED".**

**RESOLUTION REQUESTING THE
PROVIDENCE CITY COUNCIL
TO ADOPT THE REVISIONS TO
THE PROVIDENCE HAZARD
MITIGATION PLAN.**

Respectfully,



Council President
John J. Lombardi

Received.

WARRANT FOR SPECIAL MEETING

Warrant of the City Clerk to Vincent J. Berarducci, City Sergeant with Return Certification that he has notified each Member of the City Council of the Special

Meeting Called for the 22nd day of April, 2005
Upon The Rise of the 6:00 City Council
Meeting in the City Council Chamber, Third
Floor, City Hall.

**DEPARTMENT OF CITY CLERK
CITY HALL**

April 22, 2005

TO VINCENT J. BERARDUCCI, CITY
SERGEANT:

Whereas, Council President John J. Lombardi has, pursuant to Section 406 of the Providence Home Rule Charter of 1980, requested the City Clerk, in writing, to Call a Special Meeting of the City Council to be held on the 25th day of April, 2005, A.D. at 6:00 o'clock P.M., in the Chamber of the City Council, Third Floor, City Hall for the purpose of Enacting the following:

**AN ORDINANCE IN AMENDMENT OF
CHAPTER 1994-52, AS APPROVED
DECEMBER 27, 1994, ENTITLED:
"AN ORDINANCE ADOPTING
PROVIDENCE 2000: "THE
COMPREHENSIVE PLAN AS THE
CITY'S COMPREHENSIVE PLAN TO**

**DIRECT THE DEVELOPMENT OF
THE CITY, AS AMENDED".****RESOLUTION REQUESTING THE
PROVIDENCE CITY COUNCIL TO
ADOPT THE REVISIONS TO THE
PROVIDENCE HAZARD MITIGATION
PLAN.**

You are therefore, hereby commanded and required to summon each Member of the City Council to that Special Meeting, as Called.

Hereof, Fail Not, and make a true return of this Warrant, with your doings thereon.

Given under my Hand and the
Official Seal of the City of
Providence, State of Rhode Island
and Providence Plantations this 22nd
day of April, 2005, A.D.

Michael R. Clement
City Clerk

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

THE CITY OF PROVIDENCE, Sc.

APRIL 22, 2005

I, Vincent J. Berarducci, City Sergeant do hereby certify that I have notified each Member of the City Council of the Special Meeting scheduled to be held on Monday, April 25, 2005 at 6:00 o'clock P.M., in the Chamber of the City Council, City Hall, Providence, in accordance with the subject warrant by delivering to each member a copy thereof.



✓
Date April 22, 05

Received.

COUNCILMAN APONTE Moves to
Dispense with the Reading of the
foregoing matters.

COUNCIL PRESIDENT LOMBARDI
Receives the Communication and
Warrant.

REPORTS FROM COMMITTEE

COMMITTEE ON CITY PROPERTY

COUNCILWOMAN JOSEPHINE DiRUZZO, Chairwoman

Transmits the Following with
Recommendation the Same be Adopted:

An Ordinance in Amendment of Chapter 1994-52, As Approved December 27, 1994, Entitled: "An Ordinance Adopting Providence 2000: "The Comprehensive Plan as the City's Comprehensive Plan to direct the development of the City, As Amended".

Read and Passed the First Time, on Motion COUNCILMAN APONTE, seconded by COUNCILWOMAN WILLIAMS, by the Following Roll Call Vote:

AYES: COUNCIL PRESIDENT LOMBARDI, COUNCILMEN APONTE,

BUTLER, DeLUCA, COUNCILWOMAN DiRUZZO, COUNCILMEN JACKSON, LUNA, SEGAL, COUNCILWOMEN WILLIAMS and YOUNG - 10.

NAYES: NONE.

ABSENT: COUNCILMEN ALLEN, HASSETT, IGLIOZZI, MANCINI and COUNCILWOMAN ROMANO - 5.

The Motion for Passage the First Time is Sustained.

**Transmits the Following with
Recommendation the Same be Approved:**

Resolution Requesting the Providence City Council to adopt the Revisions to the Providence Hazard Mitigation Plan.

Whereas, The City of Providence received funding from the Rhode Island Emergency Management Agency under a Flood Mitigation Assistance Project Grant to assist in the revision of the Local Hazard Mitigation Plan; and

Whereas, Several public planning meetings were held between March and November 2004 regarding the review of the Local Hazard Mitigation Plan; and

Whereas, The Local Hazard Mitigation Plan contains several potential future projects to

mitigate hazard damage in the City of Providence; and

Whereas, A duly-noticed public meeting was held by the Providence City Council on April 25th, 2005 to formally approve and adopt the Local Hazard Mitigation Plan.

Now, therefore, be it resolved, That the Providence City Council adopts the Revisions to the Providence Hazard Mitigation Plan.

**Read and Passed, on Motion of
COUNCILMAN APONTE, seconded by
COUNCILWOMAN WILLIAMS.**

The Motion for Passage is Sustained.

ADJOURNMENT

There being no further business, on Motion of COUNCILMAN APONTE, seconded by COUNCILWOMAN WILLIAMS, it is voted to adjourn the meeting at 6:35 o'clock P.M. (E.D.T.), to meet again on MAY 5, 2005 at 7:30 o'clock P.M. (E.D.T).

Michael R. Clement

MICHAEL R. CLEMENT
CITY CLERK



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CITY OF PROVIDENCE RHODE ISLAND



CITY COUNCIL JOURNAL OF PROCEEDINGS

No. 10 City Council Special Meeting, Monday, May 2, 2005, 7:00 o'clock P.M. (E.D.T.)

PRESIDING
COUNCIL PRESIDENT
JOHN J. LOMBARDI

ROLL CALL

Present: COUNCIL PRESIDENT
LOMBARDI, COUNCILMEN ALLEN,
APONTE, BUTLER, DeLUCA, COUNCIL-
WOMAN DiRUZZO, COUNCILMEN
HASSETT, IGLIOZZI, JACKSON, MANCINI,
COUNCILWOMEN ROMANO and
YOUNG-12.

Absent: COUNCILMEN LUNA, SEGAL
and COUNCILWOMAN WILLIAMS - 3.

(SUBSEQUENTLY COUNCILMAN LUNA
and COUNCILMAN SEGAL JOIN THE
MEETING)

Also Present: Adrienne G. Southgate,
Deputy City Solicitor, Michael R. Clement,
City Clerk, Claire E. Bestwick, First Deputy
City Clerk, Anna M. Stetson, Second Deputy
City Clerk, Sheri A. Petronio, Assistant Clerk
and Vincent J. Berarducci, City Sergeant.

2006 SEP 27 A 10:49
DEPT. OF CITY CLERK
PROVIDENCE, R.I.

FILED

INVOCATION

**The Invocation is given by COUNCIL-
WOMAN CAROL A. ROMANO.**

COUNCILMAN LUNA JOINS THE MEETING.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

**COUNCILMAN LUIS APONTE Leads
the Members of the City Council and the
Assemblage in the Pledge of Allegiance to
the Flag of the United States of America.**

CALL FOR SPECIAL MEETING

COMMUNICATION FROM

MAYOR DAVID N. CICILLINE

Request, filed with the City Clerk, April
18, 2005, Requesting a Special Meeting of the
City Council to be Called on the 2nd day of

May, 2005 at 7:00 o'clock P.M. (E.D.T.), in
the City Council Chamber, Third Floor, City
Hall.

April 18, 2005

Michael R. Clement
Office of City Clerk
Providence City Hall
Providence, Rhode Island 02903

Dear Mr. Clement:

I am writing pursuant to Sections 406 and 803 of the Providence Home Rule Charter of 1980, to request a special meeting of the Providence City Council on Monday, May 2, 2005 at 7:00 p.m. That meeting will be held in the City Council Chamber, and is for the purpose of consideration of the following:

- An ordinance providing for the assessment and collection of 2005 taxes, being based on one hundred percent (100%) of the 2005-2006 fiscal year tax collection.
- Budget message and Appropriation Ordinance setting forth detailed estimates for the fiscal period beginning July 1, 2005 and ending June 30, 2006.

- An Ordinance Establishing a Compensation Plan for the City of Providence and repealing Ordinance Chapter 2004-48, approved December 7, 2004.

- An Ordinance Establishing the Classes of Positions, the Maximum of Employees, and the Number of Employees in Certain Classes in the City Department, and repealing Ordinance Chapter 2004-49, approved December 7, 2004.

I thank you for your assistance in this matter.

Sincerely,

David N. Cicilline
Mayor, City of Providence

Received.

WARRANT FOR SPECIAL MEETING

Warrant of the City Clerk to Vincent J. Berarducci, City Sergeant with Return Certification that he has notified each Member of the City Council of the Special

Meeting Called for the 2nd day of May, 2005 at 7:00 o'clock P.M., in the City Council Chamber, Third Floor, City Hall.

**DEPARTMENT OF CITY CLERK
CITY HALL**

April 27, 2005

TO VINCENT J. BERARDUCCI, CITY
SERGEANT:

Whereas, Mayor David N. Cicilline has, pursuant to Sections 406 and 803 of the Providence Home Rule Charter of 1980, requested the City Clerk, in writing, to Call a Special Meeting of the City Council to be held on the 2nd day of May, 2005, A.D. at 7:00 o'clock P.M., in the Chamber of the City Council, Third Floor, City Hall for the purpose of Enacting the following:

AN ORDINANCE PROVIDING FOR
THE ASSESSMENT AND
COLLECTION OF 2005 TAXES,
BEING BASED ON ONE HUNDRED
PERCENT (100%) OF THE 2005-
2006 FISCAL YEAR TAX
COLLECTION.

BUDGET MESSAGE AND
APPROPRIATION ORDINANCE
SETTING FORTH DETAILED
ESTIMATES FOR THE FISCAL
PERIOD BEGINNING JULY 1, 2005
AND ENDING JUNE 30, 2006.

AN ORDINANCE ESTABLISHING
A COMPENSATION PLAN FOR
THE CITY OF PROVIDENCE AND
REPEALING ORDINANCE
CHAPTER 2004-48, APPROVED
DECEMBER 7, 2004.

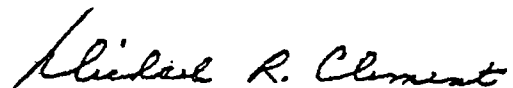
AN ORDINANCE ESTABLISHING
THE CLASSES OF POSITIONS, THE
MAXIMUM NUMBER OF
EMPLOYEES, AND THE NUMBER

OF EMPLOYEES IN CERTAIN
CLASSES IN THE CITY DEPART-
MENT, AND REPEALING
ORDINANCE CHAPTER 2004-49,
APPROVED DECEMBER 7, 2004.

You are therefore, hereby commanded and
required to summon each Member of the City
Council to that Special Meeting, as called.

Hereof, Fail Not, and make a true return
of this Warrant, with your doings thereon.

Given under my Hand and the Official
Seal of the City of Providence, State of
Rhode Island and Providence
Plantations this 27th day of April, 2005,
A.D.



Michael R. Clement
City Clerk

STATE OF RHODE ISLAND AND

PROVIDENCE PLANTATIONS

THE CITY OF PROVIDENCE, Sc.

APRIL 27, 2005

I, Vincent J. Berarducci, City Sergeant do
hereby certify that I have notified each
Member of the City Council of the Special
Meeting scheduled to be held on Monday,
May 2, 2005 at 7:00 o'clock P.M., in the
Chamber of the City Council, City Hall,
Providence, in accordance with the subject
warrant by delivering to each member a copy
thereof.

AT EASE



Date April 27, 05

Received.

**COUNCILMAN SEGAL JOINS THE
MEETING.**

COUNCIL PRESIDENT LOMBARDI
Declares the City Council to stand at ease at
7:10 o'clock P.M. to Reconvene at the Call of
the Chair and Appoints **MAJORITY
LEADER LUIS A. APONTE, COUNCIL-
MAN JOSEPH DeLUCA and VINCENT
J. BERARDUCCI, CITY SERGEANT** to
escort **HIS HONOR THE MAYOR DAVID
N. CICILLINE** to the Chamber of the City
Council.

RECONVENTION

COUNCIL PRESIDENT LOMBARDI
**Reconvenes the City Council at 7:15
o'clock P.M.**

NEW BUSINESS

SUBMISSION OF PROPOSED BUDGET FOR

REVENUES AND EXPENDITURES

HIS HONOR, MAYOR DAVID N. CICILLINE

PRESENTS

Before I begin I would like to ask everyone to stand and join me for a brief moment of silence for Detective Sergeant Jimmy Allen, who gave his life for his city.

Good evening. I would like to thank the Providence City Council and all the citizens who are here for the important annual budget presentation. It is a great honor to be with you this evening.

Tonight I am going to break with tradition. It is customary for the Mayor to deliver an address to the City Council outlining a detailed budget for the next fiscal year. Having observed that custom twice before a final budget emerged that looked significantly different, I have come to realize that it is ultimately a disingenuous exercise.

A budget equation has two sides: revenue and spending. You need the first to figure the second. The fact of the matter is we simply can't calculate the revenue side yet. We don't know whether the state will return to Providence what we're due. That's in the hands of the Governor and the General Assembly and it won't be known for months.

In the past, we made guesses based on historic trends and what appeared objectively reasonable, but we were disappointed. I believe it would be misleading to the residents of Providence to go through that exercise again.

Rest assured. Any final budget will build on the progress of the last two years. We will continue to do more with less, and make City Hall leaner, smarter and stronger. The document I am submitting tonight certainly reflects that as it closes what would have been a \$40 million dollar budget gap. It cuts more jobs to bring the total to 425 since 2003. It level funds or reduces 40% of Mayoral departments. It cuts double-digit health care costs in half through new plans and co-shares, and it reflects our improved financial standing in the bond markets.

But given the unknown forecast on revenue, I believe it will be more instructive to give an overview of the fundamental forces shaping our financial picture, and to offer as clear

an idea as possible of how your tax dollars are being managed.

I will also use the occasion to make the case at the State House for our fair share from the state - and it is important that we use that language. The discussion needs to be around what *we are owed*. Not our *need*. We are not talking about "aid." We are taking about what belongs to our tax payers.

As the one large urban center and the seat of business, finance, culture, and government for the State, Providence is the catalyst for the majority of Rhode Island's wealth. We require the state to return a larger proportion of money to Providence because Providence generates the lion's share of money for the state. We do that in two ways. One way is through direct revenue from taxes and fees like income taxes, business taxes, sales taxes, etc. The other way is through our infrastructure - tangible things like roads and buildings, but also things like professional networks and educational opportunities. We maintain the economic machine that is at the disposal of all Rhode Islanders.

To be very frank, we are at a frustrating moment in our city's budgetary history. I am reminded of the opening sequence from the movie, *Raiders of the Lost Ark*, when Indiana Jones makes his way through a cave slipping past elaborate booby traps before finally reaching an altar with an ancient golden treasure. After grabbing it, he realizes he's triggered a trap, and has to sprint out of there, narrowly escaping slings and arrows until he

leaps out to daylight and safety. Relief at last. And then . . . click. A gun to his head. A smuggler was waiting in ambush. Hand it over. Well, in our real world story, Providence is the hero. The trip through the cave was the last two years of blood, sweat, and tears spent restructuring the fiscal and managerial damage done over the past decades. And the gun to the head is the statewide school funding crisis.

This statewide school funding and property tax crisis threatens the incredible fiscal progress this city has made over the last two years. No, this problem is not new to us, but it has multiplied this year, and no city or town is being spared. Meanwhile, the state has had no effective response. Our delegation has pleaded our case, but on deaf ears. Now it can't be ignored because the problem is everywhere.

Rhode Island's over-reliance on property taxes to fund schools has indeed mushroomed into a crisis, and we're paying for it. If there is a silver lining it is that, in sharp contrast to years past, Providence is positioned best - not worst - among Rhode Island cities and towns to weather this blow.

Let me be very clear. The sky is not falling - far from it. There is a tremendous amount of good news to report about the financial management of Providence. But this exploding crisis sets us back. And it is especially frustrating because we at the city level have little power to rectify it.

But before I discuss the statewide school funding and property tax crisis, and what I believe is the state's

obligation to support cities and towns through it, let's look at the issues over which we have full control - those being the repair of long-term city finances and management of city services.

[Slide 2: budget increases]

As you can see, we have drastically reined in budget growth over the last two years. The important thing to keep in mind is that it has been done without a reduction in city services. Further, these have been difficult cuts. It wasn't a matter of just downsizing, which is itself extremely hard. What drives our budget growth is really the result of bad decisions made a long time ago. The main budget cost drivers are health care, pensions, and interest on old debts.

[Slide 3: Budget drivers]

The cost of health care, pensions, and debt interest account for almost a quarter of every dollar the city spends. We have had to make drastic reductions in other costs to make room for their growth, but we are also addressing them head-on. That is why the work that this administration and many of the city employees have done to reach new, professional union contracts is so important.

[Slide 4: Health insurance]

As everyone knows, the health care system in this country is a mess. It is extremely expensive, and generally unaffordable for employers to cover the full cost of it. I am proud to say that most of our union workers have

understood this and worked with us to lower the costs of health insurance to the city's taxpayers. A rising cost trend that was unsustainable is becoming more manageable.

[Slide 5: Closing the pension gap]

The terrible shape of the city's pension system is one of the most shameful legacies of financial management in years past. It was a case of double delinquency. Not only did the city accept contracts that required irresponsibly high contributions for overly generous benefits. It also grossly neglected its payment commitments, skimming from the fund instead to leave the problem for later generations - that's us. As a first step, we are funding our pension commitments to levels as high as we consider responsible given all our other obligations. I also created a pension review committee of experts to provide me with recommendations for solving this challenge. What I already know is that we must make major changes. We will implement some combination of a reduction in benefit, an increase in employee contribution, and an increase in the retirement age.

[Slide 6: Public safety contracts]

From the beginning, public safety has been one of my major priorities. I have been unwilling to compromise our safety because of inherited budget problems. And I'm proud to say that it has paid off in a double-digit drop in crime for two years in a row. But the employees of these departments cannot be exempt from the kind of fair deals

that govern all other city employees. It is simply unfair to taxpayers.

I know that firefighter union members are frustrated by the lack of a resolution to our contract negotiations. So am I. I have immense admiration for the work they do. And my team is negotiating with the union on a weekly basis. But let me be very clear. I will never accept a contract that is unfair to the taxpayers of this city. Not if their PR campaign unfairly attacks me. Not if they poster every telephone pole. Not if they picket my every move. I will never accept a contract unfair to Providence taxpayers.

[Slide 7: Credit rating]

Irresponsible borrowing over the years piled up debt and battered our City's credit rating. That was a major liability because, in addition to the mountain of debt we had to pay off, our bad credit meant we were doing so at a higher interest rate. This compounded the problem and sent projected costs spiraling. We have made major strides to service our debt, and rating agencies have responded, improving our status.

[Slide 8: personnel cuts]

It has taken a total transformation of City Hall operations to absorb the cost of the major budget drivers. We have made historic cuts in staffing over the last two years. Some targets were ripe for cutting, but most were not. Ask our city workers and many will tell you that they feel understaffed. Frankly, they are. Amazingly, they are actually improving the delivery of city services.

[9. The "Trust Dividend"]

In addition to taming the three budget drivers, the other path to long-term fiscal health is to expand the tax base. The progress here has been nothing less than historic. Restored investor trust in city government has helped to usher in \$1.8 billion dollars of new investment that is currently in the pipeline. This is the path to lower taxes and we are getting there, but there is a delay between the investment and the dividend to taxpayers. However, preliminary data appear to be showing the first expansion of the tax base in the City of Providence since 1992.

[10. Property tax burden]

It is a great source of pride to me and this administration that we are moving Providence down the tax ladder compared to other Rhode Island cities and towns. When comparing taxes paid on a \$300,000 home, Providence ranks 14th in the state. We're moving down the list, and we intend to keep it that way.

[Title: Leaner, Smarter, Stronger: Operations Management]

Despite the deep cuts I have discussed, city operations have carried on tirelessly to improve services. It is an extraordinary feat on the part of our city workers and the quiet, effective leadership of our Director of Operations and our department directors.

As I have said many times, we are in the process of modernizing City Hall into a 21st-century professional organization. One of the tools helping

us to do that is called ProvStat. It is a system for analyzing our practices in search of new efficiencies, and I wanted to share with you two recent examples of how it is being used.

[Slides 12-15: ProvStat]

At the Fire Department, we used ProvStat to help us target our fire prevention efforts more effectively.

At the Parks Department, ProvStat helped us track the effectiveness of new personnel policies.

[16. Service improvements]

Even in the difficult budget environment of recent years, we have introduced important new services that have had a big impact on our quality of life. This year will be no different. We are beginning the process of expanding the automated trash program that has been such a success in Olneyville, where it has significantly reduced street debris and rodents.

We are rolling out the first elements in a new approach to road maintenance. When complete, it will change DPW from a reactive repair agency to a proactive preventive agency, making our roads safer smoother.

Our Recreation Department will have more and better offerings than ever this year despite major budget cuts. This is due to its extraordinary partnership with the Providence After School Alliance. Recs and PASA are making Providence a national leader in after school programs.

[17. Professional personnel practices]

The vast majority of city workers are professional people who want to earn a good living through honest, hard work. That's why it has been so important to change the old, corrosive hiring practices that installed unqualified people and politicized the incentive system. We now have a professional personnel department that is transforming that old culture.

[Title: The statewide property tax and school funding crisis]

We are doing our part. The state must do its part too. But before we look at the statewide school funding and property tax crisis in greater detail, I want to make something very clear. The Governor and I are in different parties but we do productive work together, especially on economic development. But this is not about him or about me or a personal relationship. It is about you, the tax payer.

When the Governor released his budget in February, I called it a back-door property tax increase, because it did nothing to fix the wasteful system of education funding that relies far too heavily property taxes. It did not propose new ideas for capturing savings through economies-of-scale. And it did not significantly increase the return to cities and towns.

This is a policy choice by the Governor to increase local property taxes. There is no other rational interpretation.

[19. Property tax increases throughout the state]

Here is that back-door property tax increase coming true in communities all over the state. These are some of the cities and towns that have completed their budgets and their projected increase in taxes for the next fiscal year. Some have had to ask for a waiver from the state to exceed the 5.5% cap on annual property tax increases. And this is only a partial list.

[Slide 20: Education Funding Sources]

This is the result of a broken system. Education costs are going up across the country, but what's different about Rhode Island is our over-reliance on property taxes to pay for education. We're second worst in the nation - 49th out of 50.

Now, you may be thinking that taxes are taxes. Wouldn't property tax relief just require shifting all those costs to another form of taxation? The answer is no. And that is the major point here. When the administration of school finances is centralized, there are huge savings to be captured. It's the principle of economies-of-scale. It's what happens when we no longer have 35 different offices in 35 different school districts doing all kinds of redundant activities from ordering number two pencils to making revenue projections to managing human resources.

[Slide 21: Michigan]

I like to cite Michigan as a model for our state on this issue because it

successfully confronted a very similar situation a decade ago. A Republican governor and Democratic legislature made education more equitable and affordable by centralizing education funding. Residents paid more in taxes to the state but their local property taxes went down dramatically, netting taxpayers a huge overall tax cut. Over the first eight years, taxpayers saved a net total of 17 billion dollars. That was an average of over 2 billion a year that stayed in taxpayers' pockets.

[Slide 22. Providence Schools - budget cuts]

Here is the cost of state inaction in Providence. Our school department projects almost a \$14 million budget shortfall even after two years of deep, deep cuts. We have cut 280 teaching positions. We have negotiated a union contract fair to both taxpayers and educators that requires a first-ever health care co-pay, a longer school day, and improved management rights. And we have thinned our central administrative staff to a skeleton crew. In fact, two recent studies showed that we have among the smallest ratios of central staff to student population of any urban school district in New England.

Even the rate of inflation has grown faster than the Providence Schools budget over the last two years. We have done our part. The state must do its part

[Title: State responsibility]

There are three ways in which the state could support its Providence constituents until the longer-term issues of property tax relief and school funding are addressed. One is through increased direct revenue. That is, it could return what we believe is due Providence in funding. The second is by giving us the flexibility we seek to generate non-property tax revenue. And the third is by simply funding programs like PILOT and General Revenue Sharing to the levels prescribed by law - just returning what legally belongs to Providence taxpayers.

[Slide 24. State's declining share]

Instead of providing property tax relief, the state has done just the opposite in recent years, by providing a smaller and smaller share of education costs.

[Slide 25. Requests to state for authority]

Providence owns and operates the Water Supply Board, which serves nearly 70% of Rhode Island. But for all intents and purposes it is a charitable service we provide because the state has taken from us the authority to recoup our investment. We are forced to sell water at the cheapest price in the state, yet ten Rhode Island communities that buy from us turn around and resell it at a profit. The state is handing that profit to other communities. We are again asking the state this year to unstack the deck against Providence by lifting this restriction, and allow us to recover a reasonable rate of return on our investment.

Unfunded state mandates are another big barrier to efficiency and savings. This is a case of good intentions from high up going awry for local property tax payers.

For instance, the state requires one of the highest student-teacher ratios for special education in the nation. It turns out this is unnecessary and may even be counterproductive. Our kids in special ed would do just as well or better at slightly higher ratios and it would save millions.

Additionally, the state requires the School Department to pay for non-public school services such as bus transportation, textbooks, bus monitors and nurses for families who choose to send their children to private schools.

[Slide 26: Governor's budget v. current law]

And, while Providence must live under legal restrictions that impede our fiscal health, the state flouts laws that call for a greater return to cities and towns in the form of Distressed Cities, General Revenue Sharing, and Payment in Lieu of Taxes.

The Governor's budget falls short of its legal obligation by six and a half million dollars on these obligations to Providence.

[Leave last title slide]

When the Governor delivered his budget, he proclaimed that cities and towns would have to do some belt tightening. We've tightened our belt.

The truth is local property tax payers can barely breathe. We are doing our part. Unfortunately, the Governor is not doing his.

In Providence, we have made painful cuts in staffing. We have modernized and streamlined our programming. We are taming the costs of debt and healthcare. If the Governor could do just one of those things -- if he could capture a ten percent co-share from state workers and switch to the less expensive health plan we use - that alone would likely be enough to save cities and towns from a local property tax increase and allow us to fund the education of our kids the way we should.

Ladies and gentlemen, you are doing your part. Providence is doing its part. Because of this we are in the best position among Rhode Island cities and towns - not the worst as in years past - to weather the property tax crisis. I hope and expect that Providence residents will get what they deserve: no increase in property taxes.

But the state must do its part. If it is true that the Governor has made a policy decision to allow an increase in local property taxes, then it is up to members of the General Assembly and to them alone to stop that in its tracks.

But we need their action this year. This session. Now.

Long-term things like a revised school funding system need attention as soon as possible, but short-term things can ensure a fairer return to Providence immediately. I ask the General Assembly to make sure that the state fulfills its legal responsibility to fund PILOT, Distressed Cities, and Revenue Sharing. Allow the Water Supply Board to capture a return on its investment. Pass legislation to bring fairness to the state system of road maintenance. Pass the red light camera legislation.

In the meantime, I will do absolutely everything in my power to ensure a flat tax rate. If that means spending every penny of political capital I may have on Smith Hill, I will do it. If that means creative use of an executive order, I will issue it. If that means controversial legal action, I will pursue it.

We have sacrificed enough. We are doing our part. It is time for the state to do its part too.

On many fronts, the City of Providence and the State of Rhode Island are working better together than ever before. We're luring and growing businesses, and we're garnering national attention for our work on arts and tourism. We've shown what happens when we become partners. When we abandon each other we both lose. When we come together we both win.

Thank you.

**BUDGET AND APPROPRIATION
ORDINANCE SETTING FORTH DETAIL
ESTIMATES FOR THE FISCAL PERIOD
BEGINNING JULY 1, 2005 AND ENDING
JUNE 30, 2006**

An Ordinance providing for the Assessment and Collection of 2005 taxes, being based on One Hundred Percent (100%) of the 2005-2006 fiscal year tax collection.

Budget Message and Appropriation Ordinance setting forth detailed estimates for the fiscal period beginning July 1, 2005 and ending June 30, 2006.

An Ordinance Establishing a Compensation Plan for the City of Providence and repealing Ordinance Chapter 2004-48, approved December 7, 2004.

An Ordinance Establishing the Classes of Positions, the Maximum Number of Employees, and the Number of Employees in Certain Classes in the City Department, and repealing Ordinance Chapter 2004-49, approved December 7, 2004.

**COUNCILMAN APONTE Moves to
Dispense with the Reading of the
foregoing matters.**

**COUNCIL PRESIDENT LOMBARDI
Refers the Several Ordinances to the
Committee on Finance.**

ADJOURNMENT

There being no further business, on Motion of COUNCILMAN APONTE, seconded by COUNCILMAN BUTLER, it is voted to adjourn the meeting at 7:40 o'clock P.M. (E.D.T.), to meet again on THURSDAY, MAY 5, 2005 at 7:30 o'clock P.M. (E.D.T.).

Michael R. Clement

MICHAEL R. CLEMENT
CITY CLERK



-4120-

CITY OF PROVIDENCE RHODE ISLAND



CITY COUNCIL JOURNAL OF PROCEEDINGS

No. 17 City Council Special Meeting, Monday, July 10, 2006, 7:00 o'clock P.M. (E.D.T.)

PRESIDING

COUNCIL PRESIDENT

JOHN J. LOMBARDI

ROLL CALL

Present: COUNCIL PRESIDENT LOMBARDI,
COUNCILMEN ALLEN, APONTE, BUTLER,
DeLUCA, COUNCILWOMAN DiRUZZO, COUN-
CILMEN HASSETT, IGLIOZZI, JACKSON,
LUNA, COUNCILWOMEN ROMANO, WILLIAMS
and YOUNG-13.

Absent: COUNCILMAN MANCINI and COUN-
CILMAN SEGAL - 2.

(SUBSEQUENTLY COUNCILMAN MANCINI
JOINS THE MEETING)

Also Present: Anna M. Stetson, City Clerk,
Claire E. Bestwick, First Deputy City Clerk,
Sheri A. Petronio, Assistant Clerk, Adrienne
G. Southgate, Deputy City Solicitor and
Vincent J. Berarducci, City Sergeant.

DEPT. OF CITY CLERK
PROVIDENCE, R.I.

2006 SEP 21 A 9:10

FILED

INVOCATION

The Invocation is given by COUNCILWOMAN RITA M. WILLIAMS.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

**COUNCILMAN MIGUEL C. LUNA Leads
the Members of the City Council and the
Assemblage in the Pledge of Allegiance to
the Flag of the United States of America.**

COUNCILMAN MANCINI JOINS THE MEETING

CALL FOR SPECIAL MEETING

COMMUNICATION FROM

COUNCIL PRESIDENT JOHN J. LOMBARDI

Request, filed with the City Clerk, July 6, 2006, Requesting a Special Meeting of the City Council to be Called on the 10th day of

July, 2006 at 7:00 o'clock P.M. (E.D.T.), in the City Council Chamber, Third Floor, City Hall.

Anna M. Stetson
Department of City Clerk
City Hall
Providence, RI 02903

Dear Ms. Stetson:

In accordance with the Provisions of Sections 406 of the Providence Home Rule Charter of 1980, I am, this day, calling a Special Meeting of the City Council to be held on Monday, the 10th day of July 2006 at 7:00 o'clock P.M., in the City Council Chamber, Third Floor, City Hall for the purpose of acting upon the following:

An Ordinance Entitled: Business Licenses and Regulations.

An Ordinance Providing for the Assessment and Collection of 2006 Taxes in a Sum Not Less Than Two Hundred Forty Five Million Dollars (\$245,000,000) and Not More Than Two Hundred Sixty Five Million (\$265,000,000) Dollars Being Based on a One Hundred Percent (100%) of the 2006-2007 Fiscal Year Tax Collections, Amending Section 21-182 of the Code of Ordinances to Reflect the New Tax Classification Plan Approved by the Rhode Island General Assembly, Amending Section 21-126 of the Code of Ordinances to Raise the Personal

Exemptions, and Setting the Homestead Rates for Fiscal Year 2007.

An Ordinance in Amendment of Chapter 2005-35, No. 343, Approved July 27, 2005, of the Ordinances of the City of Providence Making an Appropriation of Six Hundred Ten Million, Three Hundred Sixteen Thousand, Seven Hundred Sixty Two Dollars (\$610,316,762) for the Fiscal Year ending June 30, 2007, as amended.

An Ordinance Establishing a Compensation Plan for the City of Providence and Repealing Ordinance No. 344 Chapter 2005-36, approved July 27, 2005, as amended.

An Ordinance Establishing the Classes of Positions, the Maximum Number of Employees, and the Number of Employees in Certain Classes in the City Departments, and Repealing Ordinance No. 345 Chapter 2005-37, approved July 27, 2005, as amended.

Respectfully,

Council President John J. Lombardi

Received.

WARRANT FOR SPECIAL MEETING

Warrant of the City Clerk to Vincent J. Berarducci, City Sergeant with Return Certification that he has notified each Member of the City Council of the Special Meeting Called for the 10th day of July, 2006 at 7:00 o'clock P.M., in the City Council Chamber, Third Floor, City Hall.

July 6, 2006

Anna M. Stetson
Department of City Clerk
City Hall
Providence, RI 02903

TO VINCENT J. BERARDUCCI, CITY SERGEANT:

WHEREAS, Council President John J. Lombardi has, pursuant to Sections 406 of the Providence Home Rule Charter of 1980, requested the City Clerk, in writing, to Call a Special Meeting of the City Council to be held on the 10th day of July, 2006, A.D. at 7:00 o'clock P.M., in the Chamber of the City Council, Third Floor, City Hall for the purpose of Enacting the following:

An Ordinance Entitled: Business Licenses and Regulations.

An Ordinance Providing for the Assessment and Collection of 2006 Taxes in a Sum Not Less Than Two Hundred Forty Five Million Dollars (\$245,000,000) and Not More Than Two Hundred Sixty Five Million (\$265,000,000) Dollars Being Based on a One Hundred Percent (100%) of the 2006-2007 Fiscal Year Tax Collections, Amending Section 21-182 of

the Code of Ordinances to Reflect the New Tax Classification Plan Approved by the Rhode Island General Assembly, Amending Section 21-126 of the Code of Ordinances to Raise the Personal Exemptions, and Setting the Homestead Rates for Fiscal Year 2007.

An Ordinance in Amendment of Chapter 2005-35, No. 343, Approved July 27, 2005, of the Ordinances of the City of Providence Making an Appropriation of Six Hundred Ten Million, Three Hundred Sixteen Thousand, Seven Hundred Sixty Two Dollars (\$610,316,762) for the Fiscal Year ending June 30, 2007, as amended.

An Ordinance Establishing a Compensation Plan for the City of Providence and Repealing Ordinance No. 344 Chapter 2005-36, approved July 27, 2005, as amended.

An Ordinance Establishing the Classes of Positions, the Maximum Number of Employees, and the Number of Employees in Certain Classes in the City Departments, and Repealing Ordinance No. 345 Chapter 2005-37, approved July 27, 2005, as amended.

You are therefore, hereby commanded and required to summon each Member of the City Council to that Special Meeting, as Called.

HEREOF, Fail Not, and make a true return of this Warrant, with your doings thereon.

Given under my Hand and the Official Seal of the City of Providence, State of Rhode Island and Providence Plantations this 6th day of July, 2006, A.D.

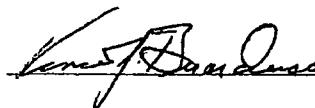
Anna M. Stetson
City Clerk

STATE OF RHODE ISLAND AND
PROVIDENCE PLANTATIONS THE CITY
OF PROVIDENCE, Sc.

July 6, 2006

I, Vincent J. Berarducci, City Sergeant do hereby certify that I have notified each Member of the City Council of the Special Meeting scheduled to be held on Monday,

July 10, 2006 at 7:00 o'clock P.M., in the Chamber of the City Council, City Hall, Providence, in accordance with the subject warrant by delivering to each member a copy thereof.



Date July 6, 06

Received.

PRESENTATION OF ORDINANCE

COUNCIL PRESIDENT LOMBARDI:

An Ordinance Entitled: Business Licenses and Regulations.

**COUNCIL PRESIDENT LOMBARDI
Refers the Ordinance to the Committee
on Ordinances.**

REPORTS FROM COMMITTEE

COMMITTEE ON FINANCE

COUNCILMAN KEVIN JACKSON, Chairman

Transmits the Following with Recommendation the Same be Severally Adopted:

An Ordinance Providing for the Assessment and Collection of 2006 Taxes in a Sum Not Less Than Two Hundred Forty Five Million Dollars (\$245,000,000) and Not More Than Two Hundred Sixty Five Million (\$265,000,000) Dollars Being Based on a One Hundred Percent (100%) of the 2006-2007 Fiscal Year Tax Collections, Amending Section 21-182 of the Code of Ordinances to Reflect the New Tax Classification Plan Approved by the Rhode Island General Assembly, Amending Section 21-126 of the Code of Ordinances to Raise the Personal Exemptions, and Setting the Homestead Rates for Fiscal Year 2007.

Read and Passed the First Time, on Motion of COUNCILMAN APONTE, seconded by COUNCILWOMAN WILLIAMS, by the Following Roll Call Vote:

AYES: COUNCIL PRESIDENT LOMBARDI, COUNCILMEN ALLEN, APONTE, BUTLER, DeLUCA, COUNCILWOMAN DiRUZZO, COUNCILMEN HASSETT, IGLIOZZI, JACKSON, LUNA, MANCINI, COUNCILWOMEN ROMANO, WILLIAMS and YOUNG - 14.

NAYES: NONE.

ABSENT: COUNCILMAN SEGAL- 1.

The Motion for Passage the First Time is Sustained.

An Ordinance in Amendment of Chapter 2005-35, No. 343, Approved July 27, 2005, of the Ordinances of the City of Providence Making an Appropriation of Six Hundred Ten Million, Three Hundred Sixteen Thousand, Seven Hundred Sixty Two Dollars (\$610,316,762) for the Fiscal Year ending June 30, 2007, as amended.

Read and Passed the First Time, on Motion of COUNCILMAN APONTE, seconded by COUNCILWOMAN WILLIAMS, by the Following Roll Call Vote:

AYES: COUNCIL PRESIDENT LOMBARDI, COUNCILMEN ALLEN, APONTE, BUTLER, DeLUCA, COUNCILWOMAN DiRUZZO, COUNCILMEN HASSETT, IGLIOZZI, JACKSON, LUNA, MANCINI, COUNCILWOMEN ROMANO, WILLIAMS and YOUNG - 14.

NAYES: NONE.

ABSENT: COUNCILMAN SEGAL- 1.

The Motion for Passage the First Time is Sustained.

An Ordinance Establishing a Compensation Plan for the City of Providence and Repealing Ordinance No. 344 Chapter 2005-36, approved July 27, 2005, as amended.

COUNCILMAN APONTE Moves to Amend the Ordinance, page 9, positions for "Personnel Technician I" and "Personnel Technician II", seconded by COUNCILWOMAN WILLIAMS.

COUNCILMAN APONTE Moves Passage of the Ordinance the First Time, As Amended, seconded by COUNCILWOMAN WILLIAMS, by the Following Roll Call Vote:

AYES: COUNCIL PRESIDENT JOHN J. LOMBARDI, COUNCILMEN ALLEN, APONTE, BUTLER, DeLUCA, COUNCILWOMAN DiRUZZO, COUNCILMEN HASSETT, IGLIOZZI, JACKSON, LUNA, MANCINI, COUNCILWOMEN ROMANO, WILLIAMS and YOUNG - 14.

NAYES: NONE.

ABSENT: COUNCILMAN SEGAL- 1.

The Motion for Passage the First Time, As Amended is Sustained.

An Ordinance Establishing the Classes of Positions, the Maximum Number of Employees, and the Number of Employees in Certain Classes in the City Departments, and Repealing Ordinance No. 345 Chapter 2005-37, approved July 27, 2005, as amended.

Read and Passed the First Time, on Motion of COUNCILMAN APONTE, seconded by COUNCILWOMAN WILLIAMS, by the Following Roll Call Vote:

AYES: COUNCIL PRESIDENT LOMBARDI, COUNCILMEN ALLEN, APONTE, BUTLER, DeLUCA, COUNCILWOMAN DiRUZZO, COUNCILMEN HASSETT, IGLIOZZI, JACKSON, LUNA, MANCINI, COUNCILWOMEN ROMANO, WILLIAMS and YOUNG - 14.

NAYES: NONE.

ABSENT: COUNCILMAN SEGAL- 1.

The Motion for Passage the First Time is Sustained.

ADJOURNMENT

There being no further business, on Motion of COUNCILMAN APONTE, seconded by COUNCILWOMAN WILLIAMS, it is voted to adjourn at 7:20 o'clock P.M. (E.D.T.), to meet again on THURSDAY, JULY 13, 2006 at 6:00 o'clock P.M. (E.D.T.).



ANNA M. STETSON
CITY CLERK