



Mayor of Providence

David N. Cicilline

May 1, 2009

Anna M. Stetson, Clerk
Office of City Clerk
Providence City Hall
Providence, Rhode Island 02903

Dear Ms. Stetson:

Enclosed please find my 2010 Budget Message and accompanying ordinances, as required by Sections 406 and 803 of the Providence Home Rule Charter. I understand these will be placed on the City Council docket for May 7, 2009.

Specifically, the following ordinances are attached:

- An ordinance providing for the assessment and collection of 2009 taxes, being based on one hundred percent (100%) of the 2009-2010 fiscal year tax collection.
- Budget message and Appropriation Ordinance setting forth detailed estimates for the fiscal period beginning July 1, 2009, and ending June 30, 2010.
- An Ordinance Establishing a Comprehensive Plan for the City of Providence and repealing Ordinance No. 380, Chapter 2008-42, approved October 8, 2008.
- 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 No. 382, Chapter 2008-44, approved October 8, 2008.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "David N. Cicilline".

David N. Cicilline
Mayor

IN CITY COUNCIL
MAY 7 2009

READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.
A handwritten signature in cursive script that reads "Anna M. Stetson".
CLERK



Mayor of Providence

David N. Cicilline

Budget Message from Mayor David N. Cicilline

May 1, 2009

The Honorable Members of the Providence City Council
c/o Providence City Clerk
City Hall
25 Dorrance Street
Providence, RI 02903

Dear City Council Members:

As is the case every year, the proposed budget for the City of Providence is developed, in part, based upon the State budget created by the General Assembly, specifically the level of funds that are to be returned to cities and towns. These figures are necessary for projecting the revenue side of the City budget since funds returned from the State make up a significant portion of City revenues. This year, due to fiscal emergency conditions, the make-up of the State budget remains highly unpredictable, and there are no available projections that offer even a minimal level of reliability.

Therefore, this budget submission offers the expenditure scenario that goes hand-in-hand with the supplemental budget for fiscal year 2009 that is now before the Council. The central goal of our budgets must be to avert the fiscal catastrophe that will befall the City in four to six months unless serious restructuring is done. This must be achieved without compromising core city services. Now is a great time of need for our residents. Government represents the last support for many of them and we cannot let them down.

The spirit of what will be required to meet our goal was well displayed by the leadership and members of our employees in Laborers International Union of North America Local 1033. Understanding the twin needs of our residents -- affordability and quality services - they stepped forward with important concessions in their contract. They did their part for the residents they serve and we will need their union colleagues to do the same. As you know, non-union employees will make similar sacrifices during these difficult financial times.

The following summarizes the projected expenditure savings in the attached budget document.

Salary and Employee Benefits

- Health Benefits co-share adjustment. The City expects to realize approximately **\$2,300,000** in annual savings.
- No City funds to be used to fill existing Police (8) and Fire Vacancies (22). The City expects to realize approximately **\$3,000,000** in annual savings.
- Reduce the vacation day time banks by one day for all employees. The City expects to realize approximately **\$720,000** in savings.
- Reduce the holiday time banks by one day for public safety sworn personnel. The City expects to realize approximately **\$240,000** in savings.
- Eliminate the Clothing Allowance for public safety personnel in FY 2010. The City expects to realize approximately **\$1,400,000** in annual savings.
- Institute a Wage Freeze for FY 2010. The City expects to realize approximately **\$12,000,000** in savings. (This reflects both bargained for and anticipated raises for Municipal and School Employees.)

Pension Reform

- Institute pension reform which changes the COLA for non-vested Class B (Police and Fire sworn) personnel to be consistent with the existing pension ordinance that provides for a 3% simple COLA on the first \$12,000 of pension benefits based upon a 3 year average and a 3 year wait to begin the COLA. The City expects to realize approximately **\$600,000** in annual savings.
- Increasing the minimum service requirement
 1. for all non-vested (less than ten years of service) Class B(Police and Fire sworn) personnel to twenty-five years of service or fifty-five years of age
 2. For those Class A employees hired after July 1, 2004 the minimum retirement age shall be age 60 with 10 years of service or 30 years of service with an early retirement reduction of 5% per year for those employees who reach age 55 and have 10 years of service.
 3. For those Class A employees hired after July 1, 2009 the minimum retirement age shall be age 62 with 10 years of service or 30 years of service with an early retirement reduction of 5% per year for those employees who reach age 55 and have 10 years of service. The City expects to realize approximately **\$600,000** in annual savings from these changes to the retirement age.
- Change the maximum disability allowance to fifty percent. The City expects to realize approximately **\$1,000,000** in annual savings.

Hydrant Payment

- This budget proposes the elimination of fire hydrant payment to the Water Supply Board in anticipation of successful state legislation repealing this payment. The City expects to realize approximately **\$950,000** in annual savings, or litigation challenging its validity.

Union Legal Funds

- This budget proposes the elimination of payments to the Union Legal Funds. The City expects to realize approximately **\$150,000** in annual savings.

Overtime Reduction

- Revise employee staffing and scheduling in order to minimize the impact on overtime and callback budgets. The City expects to realize approximately **\$2,600,000** in annual savings.

Operating Efficiencies

- Move to a bi-weekly payroll cycle and automate payroll payments by requiring direct deposit payments or debit cards for all employees. The City expects to realize approximately **\$300,000** in annual savings.

The annual savings identified by the above measures total **\$25,260,000**.

It should be noted that, due to a change in this year's budget format, a department by department comparison to last year's budget document is not possible. A more detailed explanation will be offered when the budget books are presented.

By working hard, working smart and staying focused, we will not only survive this recession, we will turn it into a moment of great opportunity, ensuring the city's long-term sustainability and prosperity.