



**Finance Department**  
*"Building Pride In Providence"*

Mr. Matthew M. Clarkin, Jr.  
Internal Auditor  
City of Providence  
25 Dorrance Street  
Providence, RI 02903

February 11, 2016

Dear Mr. Clarkin,

I am writing in reply to your letter of February 4, 2016, requesting responses to questions that you have presented regarding the City's Deficit Reduction Plan as filed with the Providence City Council.

The plan represents the most accurate information available at the time of the filing.

For ease of comprehension, I have styled our replies, in bold italics, immediately following each question and in succession of each question.

1. In the plan it is mentioned that fire department is experiencing favorable results on expenditures for callback and overtime. Can you provide more detail as to your projections for fire callback and overtime expenditures through the remainder of FY2016 and for FY2017?

*va cost in schedule* { ***At the time of our filing of the Deficit Reduction Plan on January 26, 2016, the Fire Department callback was experiencing a reduction over the previous monthly and year-to-date averages. The last payroll in January 2016 showed callback at \$273,873, down from previous monthly averages of \$ 312,774 in November and December and the year-to-date average of \$366,096.***

***Although the changes associated with day-to-day administration and management of the call back and IOD had only been in effect for less than 2 months, Finance has seen a reduction that we expect will continue over the remainder of the fiscal year, notwithstanding a further increase in actual retirements.***

2. The potential liability associated with the current arbitration with Local 799 regarding the appropriate compensation for firefighters working under a 3-platoon versus 4-platoon structure, the FLSA public safety arbitration, and the arbitration with the F.O.P concerning the July 1, 2015 wage reopener are not addressed in the plan. Please explain how adverse decisions on any or all of these outstanding arbitrations will impact the stated goal to eliminate \$13.45 million General Fund deficit by the end of FY2021.

***With regard to each of these arbitrations, the following information is hereby presented:***

- X
- a. Local 799 platoon shift from 4 to 3: The City continues to prepare for the matter and has not included any anticipated savings in the FY 16 budget but had planned to see savings of up to \$5M in the FY 17 and future budgets as a result of the platoon shift. At this time, there are too many variables to determine the potential fiscal impact.
- check
- b. FLSA public safety arbitration: The case is working its way through the Federal Court and based upon a most recent briefing of the City Solicitor's Office, and due to payroll credits that were not originally factored into the calculations, the case will more than likely be settled at a much lower amount than originally anticipated. At this time, we estimate exposure in the range of approximately \$100,000.
- c. Providence FOP Lodge 3 Wage Re-opener: The arbitration is currently working its way through the process. The re-opener clause calls for a range of zero to six percent (0 to 6 %). We are mindful of the parity clause that exists within the PTU contract and we have governed our negotiations accordingly.

3. In the plan it is stated that the administration is committed to utilizing any newly identified and/or non-recurring revenues or revenue-enhancements, along with any spending-reduction or savings programs, to further ease the cumulative deficit. Does this mean that the Administration will utilize these revenue and expenditure items to reduce the cumulative deficit more quickly than stated in the schedule on page #2 of the plan?

*The Administration is wholly committed to utilizing every means available to continue with a balance budget, which includes full payment of the deficit reduction payments as appropriated in FY 16 and all future years, necessary to meet the deficit reduction plan requirements. Any newly identified opportunities will allow us to first and foremost balance any current year budget, which includes scheduled Deficit Reduction appropriation payments.*

4. What fiscal year do you expect to recognize the \$2.5 million one-time rebate from National Grid for the cost of retrofitting of the city's streetlights with LED fixtures?

*It would be based upon project completion and when the rebates would then be available. Should that occur in FY 16 we would we recognize that in FY 16 although payment is expected in August of 2016.*

5. Please provide details on the projects that are expected to generate \$8-9 million of building inspection fees within the next 36 months.

*This is based upon recent analysis of the project list as attached in question 6 below and is calculated as an average of 1 percent of that value of \$880M or \$8.8M.*

6. Please provide details on the projects that are expected to increase the city's tax base by \$800-880 million between years 2016-2020.

*See attached list of projects*

Lawrence J. Mancini  
Finance Director

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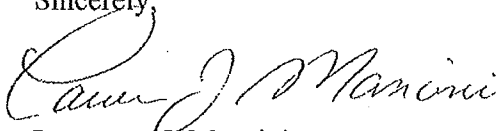
Jorge O. Elorza  
Mayor

7. Please provide the details on the Tax Stabilization Agreement(s) that is scheduled to expire at the end of the current fiscal year.

*The Manchester Street/Dominion Energy Tax Stabilization is set to expire in June 2016. As a result, values as of December 31, 2015 as part of the Citywide Statistical Analysis (Revaluation) will support a value that will yield significantly higher taxes than the current agreement.*

I trust that we have provided you with sufficient information and should you request additional information kindly do not hesitate to ask.

Sincerely,



Lawrence J. Mancini  
Finance Director

CC: Tony Simon, Chief of Staff  
Brett P. Smiley, Chief Operating Officer  
Council President Luis A. Aponte  
Councilman John J. Iglizzi, Chairman Finance Committee  
Ms. Cyd Mc Kenna, Chief of Staff City Council  
Mr. James J. Lombardi, City Treasurer/Senior Advisor to City Council  
Sara Silveria, Deputy Finance Director

The City of Providence continues to see additional revenue opportunities, primarily through natural tax base expansion, as well as, specific projects associated with tax stabilization.

**Some of the more recently approved tax stabilizations include:**

Foundry Associates (Student/residential housing) \$50M Project value

Prospect /Charter Care \$250M

261 LLC (170 units of residential) \$40M

South Street Station (Nursing school) \$225M

Proccacianti Hotel/Fogarty Site \$30M

Port of Providence/McGinis Cement \$15M (Pending final approval)

**Other recent economic development announcements:**

Wexford Associates (Hotel, private development and life sciences buildings) \$200M

Parcel 12 (Near Federal Courthouse) Hotel site \$25M

Corliss Street Development (Commercial use) \$20M

Baccari/Benrus 195 land site \$25M

These projects project to expand the tax base by \$880M, which over the time frame of the tax stabilizations would generate approximately \$5 M annually by the end of the next 3 years, then approximately \$ 18M annually between the subsequent 5-10 years and finally approximately \$32M annually in the 10<sup>th</sup> year.