



May 7, 2017

Dear Fellow East Siders:

Last week's political earthquake in the Third Ward is now over, but tremors and aftershocks remain. This week's letter will discuss a local road race, the recall, and the City's pension.

The annual Cox half marathon will take place on Blackstone Boulevard Sunday morning (May 7) between 8:00 and 12:00 noon. As usual, it will impact the Grotto Avenue neighborhood. Travel will be possible northbound on Blackstone Boulevard, and it will be possible to cross the Boulevard at President Avenue when foot traffic permits. The peak runner traffic should be between 8:15 and 9:15. For more information, including a route map and a way to avoid the foot traffic entirely, you can click [here](#).

Residents in Ward Three voted to recall Councilman Jackson from office by a ratio of greater than 91% to 9%. Over the next several months, the voters in Ward 3 will have the opportunity to elect a new City Council representative. Based on the content of the recall campaign, the Ward 3 voters focused on the issues of complying with the law and "good government" in making their decision. While the change in one City Council position is unlikely to have a short-term City-wide impact on the City Council's leadership structure, the recall will remove part of the cloud currently hanging over City Hall. It will convey a message to the General Assembly that Providence is capable of cleaning its own house when circumstances warrant. I am hopeful this change will signal a trend which will lead to better government in the City, and greater credibility for the City when making its case for help from the State. To advance this trend, I will now ask my colleagues to review a series of "good government" reforms (described in my [May 29, 2016 letter](#)) I introduced at the time of Councilman Jackson's arrest and indictment. At that time, the City Council leadership refused to consider these proposals, instead burying them in committee without discussion, never mind a vote. Perhaps they viewed it as a partisan issue directed at a member of their leadership "team". Now that their "team mate" has been recalled from office in an historic landslide, I am hoping leadership can see the advantage of addressing these critical issues for the good of the City.

In his [budget address](#) last year, Mayor Elorza emphasized the need to address the City's long-term financial issues, stating in part the following: " Today, Providence faces a different, yet just as dangerous, financial threat; we have a long-term structural deficit with a \$1.9 billion unfunded liability. While we are not facing imminent insolvency, if we do not resolve our long-term challenges with long-term, sustainable solutions, Providence risks dying a slow and painful death. . . . And so tonight, we draw a line in the sand. It's time for a long-term vision and a sustainable plan that will not only close the growing financial gap, but will empower us to make the investments we need to improve our schools, strengthen our neighborhoods, and secure our economy for the next decade and for the next generation."

I agree strongly with last year's statement, and I regret that this year's budget address did not mention this critical issue. This year's budget includes a \$75.8 million pension contribution and an unfunded liability of \$980 million. According to the actuary's most recent [schedule](#), the City's pension payment in eight years will increase to \$106.4 million, even though the unfunded liability will remain at \$980 million dollars. The additional \$30 million will be taken away from infrastructure, public safety, schools and/or reduction of our excessive tax rates. Also, this schedule assumes a rate of return of 8.25%. If this is adjusted to a more realistic 7.5%, the amounts of the payments will increase. In my opinion, the City must, on an urgent basis, formulate and implement a realistic financial plan to shore up the City's pension plan at a sustainable level. If we do not complete that essential task, this term of City government will have been a critical failure.

The current budget makes progress in terms of investments in public education and city services. With that said, we are running out of time, and we cannot measure success from incremental gains. Instead, we need to heed the Mayor's warning from last year and formulate a plan.

Sincerely,