



February 7, 2016

Dear Fellow East Siders:

As we all prepare to enjoy (or survive) the Super Bowl, this week's letter discusses the Auditor General's oversight of the City's finances, enhancing the City's lobbyist registration program and training new fire fighters.

Next week, the City Council will begin to review the [deficit reduction plan](#) the administration prepared in response to the Auditor General's [October 20 letter](#). Based on his initial review, the Auditor General sent the administration a [Letter](#) approving plan's general content, subject to certain specific questions. The City Council's Internal Auditor prepared a [Letter](#) with additional specific questions. I have my own questions, many stemming from a comparison between this plan and the [Second Quarter Report](#) the City recently submitted to the State indicating the net position budget was essentially at projected levels. For example, the second quarter report (at p. 7) projects \$2.5 million in savings from lower medical benefit costs. This raises a question, because last year's budget deficit resulted from several million dollars of health care expenses discovered after the fiscal year closed, and the current deficit reduction plan points to the full allocation as protection against a deficit this year. Also, the second quarter report indicates \$1.1 million of savings for long-term deficit reduction (p. 10), even though the administration's plan calls for \$2 million of deficit reduction by the end of the second quarter. (The administration apparently increased this outlay to \$2.2 million during January, after the close of the second quarter.) On the other hand, the administration's decision not to hold a fire academy training class for fire fighters to date results in a favorable budgetary swing of \$1.3 million, as the bulk of those costs begin 6 months after a decision to start the process, which decision has not yet been made. As a result, these costs will be in the next fiscal year, if at all. Putting these three budgetary swings together (two negative, one positive) reduces the second quarter "bottom line" by \$2.3 million, essentially canceling out the required long-term deficit reduction for the first two quarters, or on a projected basis for the entire year. These are only questions, not conclusions, but they indicate the importance of attention to detail, and the very thin margins the City has to maintain progress towards fiscal stability. Thursday's [bond rating downgrade by Fitch](#) (as reported by WPRI) only heightens the significance of these issues.

As part of my introduction of [lobbyist registration reform legislation](#) at last Thursday's City Council meeting, I also provided a [legislative report](#) explaining the reasons for the proposed changes. The report documents a major City lobbying organization that announces it has "gained real influence in city politics" and has been able reduce its members' taxes by "30%-40% of what their tax bills would have been these last few years." If Providence's ordinance had the same requirements as the State program, this organization's representatives would wear lobbyist badges and file reports telling the taxpayers what they were doing on behalf of their members. Because of loopholes in the City's law, this organization is influencing the flow of millions of taxpayer dollars without registering as a lobbyist organization. As I said in my remarks at the meeting, this organization has every right to continue its advocacy and political fund raising work – that is America. All the ordinance would do is bring them into the City's program of reporting their activities. That is open government. I will work with my colleagues to have the legislation heard, vetted and improved as appropriate, and then hopefully passed into law.

At last Tuesday's hearing of the Finance Committee, the administration discussed its plans regarding Fire Department staffing. As noted in previous letters, the administration balances the cost of hiring additional fire fighters (salary and benefits) with the cost of paying existing fire fighters overtime while complying with the contract's "minimum manning" requirement that 94 fire fighters report for duty each shift. While the administration's initiative to increase working hours and reduce the number of work shifts has reduced the total number of fire fighters required for active duty (from a baseline of 376 to 282), this year's retirements and increases in fire fighters reporting injuries has reduced the current number of healthy fire fighters per shift to the "minimum manning" level. This means that for whenever a fire fighter takes off time for vacation or other leave, a fire fighter from another shift must be "called back" and paid overtime. Given the historical pattern of 10-20 such leaves per shift, the result is dramatically more "callback" than in the past, making it cost-effective to hire new fire fighters. There also is a risk that the increased work week plus the increased overtime will increase injuries. As a result, the administration's continued postponement of a decision to start a fire training academy (which will not produce graduates ready for work until at least 11 months after the recruiting process begins), exchanges \$1.3 million of current year budgetary savings for increased uncertainty in future years. As a result, the City Council again pressed the administration to start recruiting candidates as soon as possible.

Sincerely,

A handwritten signature in blue ink that reads 'Samuel D. Zurier'. The signature is written in a cursive style with a large, stylized 'S' and 'Z'.