

SAM ZURIER

May 27, 2011

Dear Fellow East Siders:

Two days ago, the Mayor announced his decision to send layoff notices to a group of police officers. The City's budgetary cycle will force many similar decisions in the coming weeks, which I would now like to discuss with you.

On May 2, the Mayor presented a budget that would close the \$110 million structural deficit through a combination of approximately 60% in reduced expenses and 40% in new revenues. The budget contained a series of assumptions regarding anticipated savings or new revenues that he could achieve. The anticipated savings include a total of \$30 million saved through 10% reductions in the costs of the City's four major contracts: general workers (Local 1033), police, fire and teachers. The anticipated new revenues include payments from tax-exempt institutions.

There are several deadlines that govern the budget process. The City will run out of cash sometime in August; therefore, we need to issue our tax bills in July. Based on this deadline, the City Council prepared an overall budget timetable for budget review and passage by early July. For this process to work, we gave the Mayor a deadline of next Wednesday (June 1) to achieve the assumed savings and additional revenues in his budget or, alternatively, to present a new budget based upon changes in those assumptions. The Mayor already sent us a tentative agreement with Local 1033 that may present the 10% savings we need. The Finance Committee is now reviewing that document carefully, as it contains several assumptions about a proposed early retirement program that have not yet been verified.

This past Tuesday night, the Finance Committee reviewed the public safety budget (fire, police and communications). Colonel Pare, Commissioner of Public Safety, informed us that the parties were making progress at the negotiating table with regard to the assumed 10% savings in the police and fire contracts, each of which would realize \$6 million in savings. When I asked him about our June 1 deadline, he said he was optimistic that he would be able to announce agreements on both contracts by that time.

In light of his statement, I was surprised to hear Wednesday's announcement of layoffs. After speaking with some of the people involved, I learned that the Mayor took this step to preserve his ability to realize the savings in the absence of an agreement; however, the parties are still at the table. For that reason, I remain hopeful that our police union (as well as the fire fighters and teachers unions) will embrace the Mayor's message of shared sacrifice, and join in delivering our City from its current peril.

Next Thursday, I will introduce a draft ordinance to close a revenue loophole for the taxpayers of our City. The ordinance will limit the homestead exemption on property tax to people who pay Providence excise tax on all cars they own that are garaged at least 30 days in our City. I am hopeful that this ordinance will increase our revenues and our public's confidence in the fairness of our tax program. I also will continue my work on the Finance Committee looking for line-by-line savings in the Mayor's budget. I appreciate your ideas and suggestions, which I encourage you to continue sending in.

Sincerely,

A handwritten signature in blue ink that reads "Samuel D. Junier". The signature is written in a cursive style with a large, stylized initial "S".