

September 7, 2015

Dear Fellow East Siders:

I hope you are enjoying Labor Day. This week's letter discusses pension reform, the trolley car proposal and the City's fire protection budget.

At last Thursday's City Council meeting, my colleague Councilman Salvatore introduced an ordinance I was pleased to co-sponsor to close a loophole in the City's pension program that produces windfalls for former City Council members who return to full-time employment. As I explained in my [July 19 letter](#), the City calculates pensions by multiplying a factor based on the total years of City employment by the employee's highest four years of salary. For City Council members take a full-time City position after serving 15 or more years on the City Council, the results can be dramatic; for example, a former City Council member who just assumed a newly-created position likely will boost her pension by more than \$25,000 annually by four years of employment in her new position. The Ordinance which mirrors one the General Assembly approved in 2011 for municipalities participating in the State's system, will, if enacted, exclude City Council terms from the "years of service" factor for municipal employee pensions.

Over the summer, the City awarded a \$1.3 million contract to a consultant to study further the \$101 million streetcar proposal. As currently structured, this project would be funded with grants of \$13 million and \$30 million from the federal and state governments, with a balance of around \$57 million to be funded with a City "tax increment financing" (or "TIF") bond. As I explained in an [opinion piece](#) published in yesterday's Providence Journal, this investment, while attractive, would crowd out the City's ability to issue bonds to fund vital infrastructure projects. While the contract will be paid for with federal funds, I do not think this was a wise expenditure, as the City cannot afford this project at this time. Later this fall, the City Council may consider the formation of a "TIF district" as part of the planning process in order to attract greater outside financing. I plan to oppose this measure, as the City would be better served asking the state and federal governments to supporting core projects.

Earlier this summer, the administration reduced the number of platoons from four (each working, on average, 42 hours per week) to three (with an average work week of 56 hours). The administration did not reach agreement with the fire fighters before imposing this change. While the administration awarded an 8% salary increase with the shift change (which increases average hours by 33%), it projects that the added cost will be offset by savings from fewer employees and lower overtime (or "call back") costs. The fire fighters filed a lawsuit and arbitration objecting to the change, claiming that they are entitled to overtime pay for the extra hours, because the current contract specifies an average work week of 42 hours. The administration initially claimed that the current contract was invalid, but retracted that position after the fire fighters argued it would unravel the 2012 pension reforms. The City Council's Committee on Claims and Pending Suits (which I chair) has begun to review the financial ramifications of this initiative, about which I will have more to say in subsequent letters. The City Council as a whole will meet to study the issue tomorrow (Tuesday) night, and the Claims Committee will be meeting later that night to study how the City's interests are affected by the uncertainty these pending claims and lawsuits generate, and how best to protect the City's vital interests while these claims and lawsuits are pending.

Sincerely,

