



## CITY OF PROVIDENCE

Angel Taveras, Mayor

### **Mayor Angel Taveras 2012 State of the City Address Speech Highlights**

#### ***Providence in Peril***

- Providence is in peril, and we must work together to save our great city.
- Last March, my Municipal Finances Review Panel revealed that the City was facing a \$110 million structural deficit for this fiscal year. Through shared sacrifice, we have reduced the \$110 million to approximately \$22 million.
- We are not finished. As it stands now, Providence will be out of cash by the end of June and unable to meet payroll. We are on the edge and staring into a black hole.

#### ***Tax-Exempt Institutions***

- Collectively, our large hospitals, colleges and universities own nearly \$3 billion of property across Providence – land that would be worth \$105 million in tax revenue per year.
- We budgeted a fair and reasonable increase of \$7.1 million from our tax-exempts into the FY2012 enacted budget because no one is exempt from the sacrifices that need to be made to save our city.
- Tax exempts must be a part of the solution and not a part of the problem.
- I am hopeful that this week we will announce a new agreement with Johnson & Wales University, reaffirming the University's strong commitment to our city.
- All of our tax-exempts, including our hospitals, must understand a very simple truth: they cannot be successful in a failed city.

#### ***Retirees***

- Nor can our retirees be successful in a failed city. Central Falls taught us that lesson. An unbearable and unsustainable burden of 5 and 6 percent compounded pension COLAs – guaranteed annual raises for retirees – causes the black hole that we face to deepen with each passing day.
- These guaranteed annual raises have resulted in the absurdity of our top 25 retirees all collecting more than \$109,000 a year in a pension. Our highest paid retiree retired in 1991 with a salary of \$63,500 and now collects \$196,000. This retiree collects more than five times the income of an average Providence resident and collects more money as a retiree than any working City employee is paid.
- Guaranteed annual raises for retirees cost Providence taxpayers \$16.5 million a year. In the next 10 years, our annual pension expense payment will grow from \$58.9 million to \$98.7 million – a nearly 70 percent increase.
- We set out to shift our retirees over the age of 65 onto Medicare. This shift would have saved us millions of dollars and reduced our unfunded post-employment benefits. Unfortunately, some of our retirees challenged the move to Medicare and a Superior Court judge stopped us from shifting their coverage.

### ***What Have We Done: Shared Sacrifice***

- Leadership by example is important and that is why I was the first to cut my pay by 10 percent. I joined with several members of this honorable body in declining my elected official pension. In this fiscal budget year, I also reduced the Mayor's Office budget by 10 percent. We made cuts in nearly all of our departments.
- We laid off non-union staff – not because of performance, but because of costs. And today, our City government provides essential services with more than 200 fewer City workers. Providence is doing more with less.
- We owe a debt of gratitude to our City workers from Laborers Local 1033, our firefighters, our police officers and our teachers. Because of the dedication of our workers, our city continued to function.
- The General Assembly also responded and worked with us to address our category 5 fiscal hurricane by passing legislation that helped us reduce spending and increasing aid to the City of Providence. Thank you to Speaker Fox, President Paiva Weed and Majority Leader Ruggerio for helping our city. Thank you Governor Chafee for continuing this commitment to all of our cities and towns by accelerating the education funding formula. Thank you for helping our city.
- Our homeowners, car owners and business owners who were carrying a heavy burden, now carry an even heavier burden. Thank you for helping our city.

### ***Accomplishments***

- Through every storm that has come our way, whether it be snow, microblast or hurricane, our City has responded well.
- Working with President Solomon, we acted decisively to address the problems at ProCAP. Through the work of many in this chamber, especially Councilwoman Castillo, the Westin labor dispute is history and hotel workers earned a fair contract.
- Providence is one of only 24 cities across the world to win the IBM Smarter Cities challenge. We are one of four in the U.S. to receive the Urban Land Institute's Rose Fellowship. We are one of 10 in the nation chosen by the National Emerald Cities Collaborative to implement a jobs and housing program.
- And, working with the members of the City Council, we have addressed long-simmering issues like reopening the Arcade, saving the façade and keeping our libraries open.
- As we proceed forward, we will act with the "fierce urgency of now" to improve our public schools and make Providence a safer city.

### ***What We Must Do***

- We cannot solve our fiscal problems without permanent, meaningful and difficult structural change.
- I have asked the General Assembly to give our city the tools we need to ensure that our tax-exempt organizations partner with us to be a part of the solution. If they refuse to compromise, we will hold them accountable by other means.
- It is time to suspend COLAs for all our retirees. This is not only a question of necessity, but one of fairness.

### ***Conclusion***

- Rhode Island is dependent on Providence for its economic success. Rhode Island cannot afford for Providence to follow the path of Central Falls. I will do all that I can to make sure that we avoid that fate. However, without structural change, we will only delay the day of reckoning.

- There is reason to believe in our city. In truth there is hope. Time and again throughout America's history we have seen opportunities arise out of challenges and we know that the brightest days are born from the darkest nights.
- In the year ahead, I will continue to lead our city through this most difficult time, guided by the certainty that right is on our side.

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