



Pawtucket Benchmarking and Management Study

March 2014



RIPEC

RIPEC Mission Statement

RIPEC is an independent, nonprofit and nonpartisan public policy research and education organization dedicated to the advancement of effective, efficient, and equitable government in Rhode Island.

Through in-depth research, program monitoring, advocacy and public information activities, RIPEC:

- Suggests approaches to help improve the effectiveness and efficiency of government agencies;
- Promotes fiscal responsibility and sound management practices;
- Assists elected officials and their staffs in the development of sound policies and programs;
- Enhances understanding between private sector and state and local governments;
- Provides objective information and conducts educational programs for the benefit of Council members, public officials, and the general public;
- Builds coalitions with other community groups to promote sound public policies; and
- Promotes a public policy agenda to foster a climate for economic opportunity.

Pawtucket Management and Benchmarking Study

**A RIPEC review of the City of Pawtucket: Recommendations to
Mayor Donald Grebien**

2014

Prepared as a consulting agreement between the
City of Pawtucket and the Rhode Island Public Expenditure Council

March 2014

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I. Executive Summary

The Rhode Island Public Expenditure Council (RIPEC) was approached by the honorable Mayor Donald Grebien to begin work on the Pawtucket Benchmarking and Management Study in October 2012. Since that time, RIPEC has conducted in-depth research on areas to increase efficiencies and has collaborated with Pawtucket's members of the Executive, Finance, Planning, Public Works, and Public Safety departments to implement more efficient practices. This report is a culmination of 15 months of research and collaboration with the city of Pawtucket. This document seeks to offer additional and holistic insight into Pawtucket's City Administration management, as well as capture the changes made over the past year within the City Administration as a result of its collaboration with RIPEC.

In this document, you will find the following sections:

- Overview;
- Baseline Analysis;
- Organizational Analysis;
- Financial Forecast;
- Labor Management;
- Best Practices;
- Mergers and Consolidations;
- And Considerations and Recommendations.

Overview

This section details the city's history and demographic information, tracing it from its 1671 incorporation to details arising from the most recent census.

The City of Pawtucket was founded in 1671 and incorporated in 1886. The city experienced an economic boom centered on manufacturing in 1793, when Samuel Slater created the first successful cotton mill on the shore of the Blackstone River. For the next two centuries, manufacturing dominated Pawtucket's industry. While the city has lost a number of manufacturers in recent years, it is still home to over 1,000 businesses, including the Pawtucket Red Sox, and has revitalized its arts scene through the annual Pawtucket Arts Festival, tax exemptions, and renovated mill space used for galleries.

Currently, Pawtucket is the fourth most-populous city in Rhode Island, at 71,148 residents – behind Providence, Warwick, and Cranston, as table 1 illustrates (see page 7). Additionally, according to the Rhode Island Division of Municipal Finance, the 2010 median household income in Pawtucket was \$41,384, compared to a statewide median income of \$54,902, shown in table 3 (see page 8). Similarly, the 2010 American Community Survey shows per capita income in Pawtucket as \$21,753, compared to a statewide per capita income of \$29,865.

Additionally, As of November 2013, Pawtucket had the 4th highest unemployment rate of urban cities in Rhode Island at 10.8 percent, behind Central Falls (12.1 percent), Woonsocket (11.0 percent), and Providence (11.0 percent). All urban cities experienced a decrease in the

unemployment rate from FY 2010 to FY 2013, as evidenced in table 4 (see page 9). From a peak unemployment rate in 2010, the statewide unemployment rate decreased by 2.3 percentage points, to 9.4 percent in 2013. From Pawtucket's peak unemployment in 2009, the rate has declined by 2.2 percentage points.

Baseline Analysis

This section provides an overview of Pawtucket's recent financial and operational history, with a specific focus on changes in revenues, expenditures, and the number of budgeted positions from FY 2009 to FY 2014. Since 2012, RIPEC has collaborated with Pawtucket on creating strategies for optimal efficiency regarding its financial management. More specifically, RIPEC recommended and assisted with Pawtucket's outsourcing and sharing of services for its waste disposal program, which cut overall expenditures and expenditures within its Department of Public Works for FY 2014, as this section details. The section later compares Pawtucket's budget and staffing with the benchmark cities of East Providence, Rhode Island, Springfield, Mass., and Bridgeport, Conn.

Baseline Budget and Savings

Pawtucket was the only urban city to lower its levy for FY 2014. Lowering the levy, rather than holding their increase closer to the cap (4.0 percent), will ease the tax burden required of Pawtucket's residents, thereby showing signs of the city's economic recovery from the recession.

FY 2014 revenues for the city were \$111.1 million, a 5.1 percent (\$5.3 million) increase since FY 2010. Including the School Department, total revenues increased by 6.8 percent (\$13.6 million), from \$200.3 million in FY 2010 to \$213.9 million in FY 2014. The greatest increases between FY 2010 and FY 2014 were in property taxes, specifically the motor vehicle property tax, which doubled between FY 2010 and FY 2014 (\$5.3 million to \$13.3 million), most likely as a response to significant decreases in state aid to cities, which began in 2009.

Additionally, City Administration's (the Executive, Finance, Planning, and Public Works departments) expenditures decreased by 1.2 percent over the past five years, from \$16.1 million in FY 2010 to \$15.9 million budgeted for FY 2014. The decline in the town's expenditures is driven by decreases in salaries, benefits, purchased services, supplies, and other expenditures between FY 2010 and FY 2014. RIPEC helped facilitate these decreases, specifically through its push for Pawtucket's consolidation of waste management services. Additionally, increases in charge back funds contributed to the overall decline. Total expenditures, including the School Department, increased by 6.5 percent (\$13.1 million) over the past five years, from \$200.8 million in FY 2010 to \$213.9 million in FY 2014.

Organizational Analysis

This section evaluates the organizational structure and staff composition of Pawtucket, including the recent internal IT consolidation and external waste management consolidation.

Organizational History

Pawtucket's structure was revised as RIPEC conducted this analysis, as a result of a collaboration between RIPEC and Pawtucket. Specifically, the internal structure of the IT Department and Department of Public Works was modified, with the goal of streamlining operations and increasing government efficiency. Internal changes are described in detail in this section, and a description of the specific IT consolidation initiative can be found in the "Mergers and Consolidations" section.

City of Pawtucket Organizational Analysis Overview

The City of Pawtucket is governed by a Mayor and nine-member City Council, elected by the city's voting public. It operates under a strong mayoral form of municipal government, meaning the Mayor has significant administrative authority and political independence. The city's government is organized into the following six major departments:

- Legislative;
- Executive;
- Finance;
- Planning;
- Public Works; and
- Public Safety.

Staffing

City staffing has decreased in all departments between FY 2010 and FY 2013, as illustrated in table 21 (see page 25). The Public Works Department experienced the largest rate of decrease in staff, at 34.9 percent. Although the department remains the largest department under consideration, it decreased its staff by the highest number of budgeted positions, from 129 in FY 2010 to 84 in FY 2014. This is attributed to privatizing solid waste services, which will be described in detail in the "Mergers and Consolidations" section.

Financial Forecast

RIPEC conducted low, medium, and high forecasts for Pawtucket's revenues and expenditures for 2014-2019. Regarding revenues, RIPEC isolated property taxes and School Department revenue for increases and decreases, illustrating the impact of property taxes and the School Department on the general revenue as a whole. For general revenue projections, RIPEC used the Rhode Island Department of Education's funding formula projections through FY 2018, assuming level municipal contributions from the city. Revenue projections for FY 2019 ranged from a low of \$225.5 million (with stagnant property taxes) to a high of \$258.3 million (with a 4.0 percent property tax increase, assuming no increase in property value). These projections forecast a respective 5.4 percent and 20.7 percent increase from the FY 2014 revenue baseline of \$213.9 million.

Regarding expenditures, RIPEC increased the School Department and all line items that were not fixed (increasing by a rolling or different amount each year) by low, medium, and high amounts. Forecasted totals for expenditures in 2019 ranged from a low of \$222.9 million (with the School Department and unfixed line items remaining stagnant) to a high of \$253.3 million (with the

School Department and unfixed line items increasing by 3.1 percent, or high CPI). These projections forecast a respective 4.2 percent and 18.4 percent increase from the FY 2014 expenditure baseline of \$213.9 million.

Labor Management

Pawtucket is currently undergoing contract negotiations with all of its bargaining units. This section outlines past agreements between the city and its employees and makes recommendations for the current negotiations. While the evaluation of labor contracts isn't the central goal of this report, this analysis provides an opportunity for improved efficiency.

The following groups are collectively bargaining with Pawtucket:

- American Federation of State, County, and Municipal Employees (AFSCME) and the AFL-CIO Local 1012, representing municipal employees. These employees occupy positions such as office staff and administration, maintenance workers, control officers, crossing guards, and janitors in each department outlined in this report's Organizational Analysis.
- R.I. Council 94, AFSCME, and the AFL-CIO Local 2960, representing professional and technical employees, as well as a portion of the Pawtucket Water Supply Board employees. These employees occupy technical positions, including accountants, municipal officers and directors, labor supervisors, police bureau assistants, and other leaders.
- Teamsters Local 251, representing a portion of the Pawtucket Water Supply Board (PWSB) employees. These employees occupy all positions in service for the PWSB, including its financial administrator, information systems manager, and technical assistant supervisor.

This section also compares the benefits of Pawtucket's workers with those of the 10 Rhode Island urban core cities. Pawtucket's health insurance benefits (co-pay prices and health insurance offerings) appear consistent with the 10 other urban cities (see table 44, page 45). Conversely, Pawtucket offers the highest maximum vacation days in comparison to the other urban core cities (see table 45, page 47), with longevity payment offerings sitting in the middle (see table 46, page 49).

Mergers and Consolidations

This section details recent and potential mergers and consolidations within and outside of the city. The Pawtucket and RIPEC collaboration yielded Pawtucket city department consolidations, in Information Technology (IT) and waste management. The most recent IT consolidation, which occurred on July 1st, 2013, involved the city's IT Department merging with the School Department's IT Department for a combined IT Department with 10 employees overseen by the Chief Information and Innovation Officer. The waste management consolidation involved Pawtucket joining Central Falls and East Providence in a joint waste management contract with a private company. Functions formerly performed by Pawtucket's Department of Public Works have been performed by the private service since June 3rd, 2013.

Considerations and Recommendations

This section outlines considerations and offers recommendations for the future. RIPEC recommends the following actions:

Budgeting

- **Priority-based budgeting:** Pawtucket should use goal-setting and communication as a foundation for allocating funds within the city's budget.
- **Rebuilding the "Rainy Day Fund":** The city should seek to rebuild its reserves, or "Rainy Day Fund", as it continues to recover from the Recession.

Reliable Performance Measures

- **Baldrige Performance Measures:** Pawtucket should consider adopting a program for measuring service delivery performance quality, such as the Department of Commerce's Baldrige Performance Measures program.

Revenue Generation and Tax Base Expansion

- **Income Tax Offset Program (ITOP):** Pawtucket should consider participating in the Income Tax Offset Program (ITOP), which would allow the city to receive additional revenue from delinquent taxpayers. East Providence and Woonsocket have taken part since 2011. Woonsocket subsequently collected \$500,000 in tax refunds in 2012, and East Providence collected about \$3.1 million of the \$11.0 million owed to them.
- **Tax collection:** The city should consider placing its lockbox tax collection services up for a bid, as it would likely generate increased revenue through competition.
- **Investing in infrastructure:** Pawtucket should use any excess revenue for smart, one-time investments in infrastructure or debt reduction that would help the city for years without creating reliance on variable revenue services.
- **Stoplight cameras and fines:** The city should consider installing stoplight cameras at certain intersections to capture and fine specific violators, generating increased revenue.
- **Tax-exempt entities:** Pawtucket should consider discussing payment in lieu of taxes for traditionally tax-exempt entities in Pawtucket, much like Providence and the East Providence Budget Commission did in 2012.

Shared Services

- **Shared services:** The city should continue to work toward shared services within and outside of the city, specifically with the Pawtucket School Department in regards to a joint Human Resources department.

IT and IT Training

- **IT training:** The city should consider additional IT training workshops and a focus on staff skill-building to ensure maximal utility of Pawtucket's existing technology.

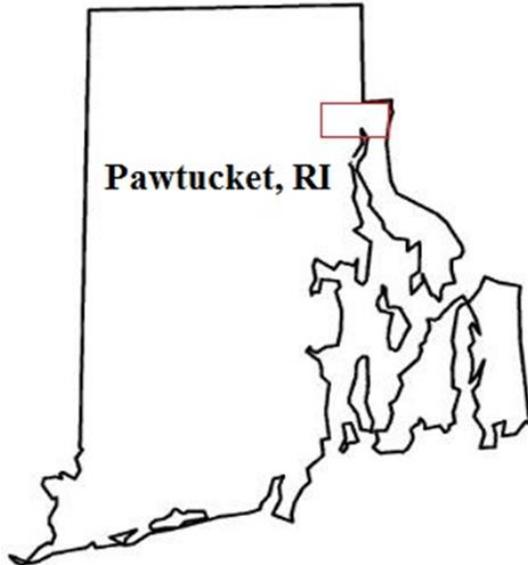
- **Digitization of records:** Pawtucket should consider digitizing its records, which would eliminate the need for expanding its record storage space and improve its archival quality.
- **Online permitting:** Pawtucket should consider moving its permitting process online, especially for the Department of Public Works, Purchasing Agent, and Finance Department.

Economic Development

- **Economic development strategy:** The city should resume its efforts to establish a coordinated economic development strategy with the Pawtucket Foundation. A coordinated economic development strategy is critical to attracting businesses and revitalizing Pawtucket's downtown in an efficient, priority-based manner.
- **Update website:** The city should consider a comprehensive, user-friendly website update.

II. Overview

The City of Pawtucket was founded in 1671 and incorporated in 1886. The city encompasses just under 10 square miles in Providence County, directly to the northeast of Providence, Rhode Island's capital city. Pawtucket is bordered to the northwest by the town of Lincoln and the city of Central Falls, to the west by the town of North Providence, to the southwest by the city of Providence, to the southeast by the city of East Providence, to the east by the town of Seekonk Massachusetts, and to the northeast by the city of Attleboro, Massachusetts. The city is located on Interstate 95 and is bisected by the Blackstone River.



Pawtucket experienced an early economic boom in 1793, when Samuel Slater created the first successful mill with machines for spinning cotton on the shore of the Blackstone River. Pawtucket's economy was largely based around manufacturing for most of the following two centuries. Though Pawtucket has experienced a loss of manufacturing firms in recent decades, according

to the Rhode Island Economic Development Corporation, the city is currently home to over 1,000 businesses representing approximately 300 industries, including the Pawtucket Red Sox, one of Rhode Island's two minor league sports franchises.

Demographics

Population

As of the 2010 U.S. Census, Pawtucket had a population of 71,148 residents, making it the fourth most populous city in Rhode Island, behind Providence, Warwick, and Cranston. Pawtucket is one of 10 urban cities in the state and is the third most densely populated city in Rhode Island, behind Central Falls and Providence, with approximately 8,000 residents per square mile. Pawtucket's population density is eight times higher than the state average, as shown in table 1.

Table 1
RI Urban Cities Population & Density, 2010

City	Population	Land Area (sq mi)	Pop Density (persons per sq mi)
Central Falls	19,376	1.2	16,174
Cranston	80,387	28.3	2,837
East Providence	47,037	13.2	3,552
Newport	24,672	7.7	3,215
North Providence	32,078	5.8	5,720
Pawtucket	71,148	8.7	8,195
Providence	178,042	18.4	9,676
Warwick	82,672	35.1	2,359
West Warwick	21,191	8.1	3,729
Woonsocket	41,186	7.7	5,322
Rhode Island	1,051,302	1,033.8	1,018.1

Source: U.S. Census 2010, RI Division of Municipal Finance

Household Occupancy and Vacancy

From 2000 to 2010, the share of renter-occupied houses and owner-occupied houses in Pawtucket remained stable at roughly 55 and 45 percent, respectively. The share of renter-occupied households in Pawtucket was approximately 15 percentage points above the statewide

renter-occupied percentage, which remained stable at about 40 percent in both 2000 and 2010, as table 2 shows. During this timeframe, the increase in Pawtucket’s vacancy rate was consistent with the statewide increase in vacant properties. Specifically, Pawtucket’s vacancy rate increased from 5.5 percent to 11.3 percent, while the statewide rate went from 6.0 percent to 10.8 percent.

**Table 2
Occupancy by Type, 2000 and 2010**

	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
	% Renter-Occupied		% Owner-Occupied		% Total Occupied		Vacancy Rate - Homeowner		Vacancy Rate - Rental	
Central Falls	78.2%	77.6%	21.8%	38.2%	92.1%	87.3%	4.8%	3.0%	4.1%	9.7%
Cranston	36.1%	32.6%	63.9%	67.4%	96.6%	93.6%	0.8%	1.6%	3.4%	7.9%
East Providence	48.2%	41.0%	51.8%	59.0%	96.0%	94.2%	0.7%	1.4%	3.5%	6.3%
Newport	58.1%	56.4%	41.9%	43.6%	87.5%	81.2%	1.5%	2.3%	6.7%	9.4%
North Providence	39.7%	38.1%	60.3%	61.9%	96.5%	93.7%	0.7%	2.0%	3.9%	7.9%
Pawtucket	55.6%	55.1%	44.4%	44.9%	94.4%	90.5%	0.9%	2.3%	4.7%	9.0%
Providence	58.3%	65.1%	41.7%	34.9%	93.9%	87.7%	0.9%	3.6%	4.8%	9.7%
Warwick	45.6%	27.7%	54.4%	72.3%	94.8%	93.4%	1.1%	1.6%	6.0%	7.7%
West Warwick	45.6%	45.8%	54.4%	54.2%	94.8%	91.7%	1.1%	1.7%	6.0%	9.3%
Woonsocket	65.0%	61.8%	35.0%	38.2%	94.6%	88.8%	0.9%	3.9%	5.1%	11.3%
Rhode Island	40.0%	39.3%	60.0%	60.7%	92.9%	89.3%	1.0%	2.0%	5.0%	8.8%

Source: U.S. Census ACS 2000, 2010

**Table 3
Median Household Income and
Percent Below Poverty, Urban Cities in RI
(2010)**

City	Median Household Income	Per Capita Income	Percent Below Poverty
Central Falls	\$33,520	\$15,235	25.4%
Cranston	58,877	28,496	8.4%
East Providence	50,397	28,813	9.3%
Newport	56,802	36,446	10.2%
North Providence	47,751	27,855	9.7%
Pawtucket	41,384	21,753	17.8%
Providence	37,723	21,628	26.3%
Warwick	61,114	31,596	7.6%
West Warwick	50,606	21,175	7.4%
Woonsocket	41,001	21,316	22.2%
Rhode Island	\$54,902	\$29,865	12.2%

Sources: Div. of Municipal Finance, U.S. Census 2010 ACS

Income

According to the Rhode Island Division of Municipal Finance, the 2010 median household income in Pawtucket was \$41,384, compared to a statewide median income of \$54,902. As table 3 shows, the city had the 4th lowest median household income among the urban communities; Woonsocket, Providence, and Central Falls had lower median household incomes than Pawtucket (\$41,001, \$37,723, and \$33,520, respectively).

Similarly, the 2010 American Community Survey shows per capita income in Pawtucket as \$21,753, compared to a statewide per capita income of \$29,865. Per capita income comparisons to other urban cities for 2010, wherein Pawtucket ranked the 5th lowest, are shown in table 3. Providence, West Warwick, and Woonsocket all have per capita incomes around \$21,000, while Central Falls had a per capita income of \$15,235. Cranston, East Providence, Newport and

North Providence have per capita incomes of over \$27,000. Newport, the highest among the urban cities, has a per capita income nearly 60 percent higher than Pawtucket, at \$36,446.

Further, while 12.2 percent of residents statewide had incomes below the federal poverty line (FPL) according to the 2010 Census, 17.8 percent of Pawtucket residents had incomes below the FPL. This ranks Pawtucket the 4th highest of the state's 10 urban cities, behind Providence, Central Falls, and Woonsocket.

Unemployment

As of November 2013, Pawtucket had the 4th highest unemployment rate of urban cities in Rhode Island at 10.8 percent, behind Central Falls (12.1 percent), Woonsocket (11.0 percent), and Providence (11.0 percent). All urban cities experienced a decrease in the unemployment rate from FY 2010 to FY 2013, as evidenced in table 4. From a peak unemployment rate in 2010, the statewide unemployment rate decreased by 2.3 percentage points, to 9.4 percent in 2013. From Pawtucket's peak unemployment in 2009, the rate has declined by 2.2 percentage points.

It must be noted that the decrease among urban cities with lower unemployment was not consistent across all four years. Pawtucket experienced the effects of the recession sooner than many other cities, as reflected in the unemployment rate. In fact, Central Falls' peak unemployment rate occurred in 2011, and Providence only began to show improvement in 2012. However, Pawtucket consistently demonstrated a decrease in the unemployment rate through 2013. The largest net decrease in unemployment over the five year period was in Pawtucket (2.2 percentage points), followed by Central Falls and Providence (2.0 percentage points), and East Providence and Woonsocket (1.9 percentage points each).

Table 4
Average Annual Unemployment Rate of Urban Cities in RI
Relative to the State, CY 2009-2013

	2009	2010	2011	2012	2013
Central Falls	14.1%	14.0%	14.6%	13.6%	12.1%
Cranston	11.0%	11.9%	11.1%	10.5%	9.3%
East Providence	11.6%	12.8%	11.7%	11.3%	9.7%
Newport	10.1%	10.8%	10.6%	9.7%	9.4%
North Providence	10.5%	11.6%	11.0%	9.9%	9.2%
Pawtucket	13.0%	12.9%	12.9%	12.3%	10.8%
Providence	13.0%	13.6%	13.6%	12.4%	11.0%
Warwick	10.1%	11.3%	10.3%	9.4%	8.4%
West Warwick	11.6%	12.8%	12.2%	11.2%	9.8%
Woonsocket	12.9%	13.6%	13.0%	12.3%	11.0%
Rhode Island	9.0%	11.7%	11.2%	10.4%	9.4%

Source: RI Dept. of Labor and Training, RIPEC calculations
*Data is not seasonally adjusted

Educational Attainment

Table 5 shows the educational attainment of Pawtucket residents compared to the statewide average, as well as the state's other urban cities. According to the 2010 Census, 11.5 percent of Pawtucket residents aged 25 and older counted a college diploma as their highest level of educational attainment, compared to 18.6 percent statewide. Further, the share of Pawtucket residents with a bachelor's degree as their highest level of educational attainment is lower than most of the other urban core communities in the state; only Woonsocket (9.5 percent) and Central Falls (4.6 percent) have a smaller share of college graduates. Additionally, a higher proportion of Pawtucket residents do not have a degree beyond a high school diploma, compared to the statewide average (31.7 percent and 27.7 percent, respectively). In contrast to higher education, however, Pawtucket is comparable to most of the urban cities, with the exception of Newport in this area. With the exception of Newport and Providence, Pawtucket's

Table 5
Highest Level of Educational Attainment CY 2010

	Pop 25 Yrs +	% High School Graduates	% College Graduates
Central Falls	11,601	28.0%	4.6%
Cranston	56,384	30.2%	18.4%
East Providence	34,823	31.1%	14.7%
Newport	17,180	19.8%	27.5%
North Providence	23,675	31.1%	15.5%
Pawtucket	48,573	31.7%	11.5%
Providence	99,968	23.3%	16.0%
Warwick	61,205	32.0%	18.8%
West Warwick	21,085	32.3%	15.1%
Woonsocket	27,439	34.6%	9.5%
Rhode Island	708,587	27.7%	18.6%

Source: U.S. Census 2010 ACS

educational attainment, especially in terms of high school graduates, is fairly consistent with the state’s other urban cities.

“Distressed Communities” and Property Tax Capacity

The official “distressed communities” classification was established in 1990 as a state aid program to provide additional aid to communities with high levels of fiscal stress. Specifically, the program aims to provide a measure of assistance to communities with the highest property tax burdens relative to taxpayer wealth. There are four indicators that determine program eligibility:

- Percent of tax levy to the full value of property;
- Per capita income;
- Percent of personal income to full property value; and
- Per capita full property value.

City	% Levy to Full Value of Property	Rank	Per Capita Income	Rank	% of Personal Income to Full Value of Property	Rank	Per Capita Full Value of Property	Rank
Central Falls	2.3%	3	\$15,235	1	54.3%	1	\$28,041	1
Cranston	2.2%	5	28,496	7	28.1%	112	101,253	8
East Providence	1.9%	10	28,813	9	27.4%	13	105,296	9
Newport	1.1%	33	36,446	29	15.3%	33	238,409	33
North Providence	2.2%	4	27,885	6	30.1%	6	92,405	6
Pawtucket	2.0%	8	21,753	4	33.6%	3	64,716	3
Providence	2.5%	1	21,628	3	28.8%	8	74,988	4
Warwick	1.9%	11	31,596	15	23.8%	25	132,736	18
West Warwick	2.1%	6	27,175	5	32.6%	4	83,276	5
Woonsocket	2.4%	2	21,316	2	40.9%	2	52,145	2

Source: RI Division of Municipal Finance

Any community which falls into the lowest 20 percent of at least three of the four indicators is eligible for aid. Pawtucket has fallen into the bottom quintile in all four “distressed” indicators since 1991, receiving the associated aid that year, and every year thereafter. As table 6 shows, in 2014, Pawtucket ranked 8th lowest in percent of tax levy to the full value of property, 4th lowest in per capita income, 3rd lowest in percent of personal income to full value of property, and 3rd lowest in per capita to full value of property. Other cities that received aid under this classification in FY 2013 included Central Falls, Cranston, North Providence, Providence, and Woonsocket.

Budget

Revenue

The city's revenue structure is comprised of property taxes, intergovernmental revenue, and pass-through aid. School Department revenues, largely state aid, are included in this comprehensive total. Total FY 2014 budgeted revenues for the City of Pawtucket were about \$111.1 million, an increase of \$5.3 million (5.1percent), since FY 2010 when revenue totaled \$105.7 million. Including the School Department, total revenues were \$213,928,745, an increase of \$13.6 million (6.8 percent), from \$200.3 million in FY 2010. Table 7 shows the source of the city's revenues from FY 2010 to FY 2014. Revenues will be further described in the Baseline Analysis section of this report.

Revenue Source	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budgeted	FY 2014 Budgeted
Local Revenue					
Real Estate	75,467,008	76,116,544	76,568,327	79,112,605	79,159,422
Tangible	5,906,190	5,670,287	5,604,305	5,621,722	5,715,612
Motor Vehicle	5,342,562	8,923,525	12,544,019	13,161,918	13,323,410
<i>Property Taxes</i>	<i>\$86,715,760</i>	<i>\$90,710,356</i>	<i>\$94,716,651</i>	<i>\$97,896,245</i>	<i>\$98,198,444</i>
Licenses	234,747	234,721	236,406	237,260	237,685
Permits	401,579	431,808	511,637	580,300	471,100
Charges for Service	2,157,371	2,241,412	2,808,594	2,432,590	2,688,240
Fines and Forfeitures	457,156	499,877	411,716	378,220	345,020
<i>Departmental</i>	<i>3,250,853</i>	<i>3,407,818</i>	<i>3,735,446</i>	<i>3,628,370</i>	<i>3,742,045</i>
Other Revenue	498,712	425,321	460,877	486,150	489,280
Interest	736,292	869,330	1,029,408	715,000	930,000
Other Financing Sources	682,339	3,922,003	1,013,337	850,000	865,484
<i>Other</i>	<i>1,917,343</i>	<i>5,216,654</i>	<i>2,503,624</i>	<i>2,051,150</i>	<i>2,284,764</i>
<i>Subtotal: Local</i>	<i>\$91,883,956</i>	<i>\$99,334,828</i>	<i>\$101,202,544</i>	<i>\$103,575,765</i>	<i>\$104,225,253</i>
Intergovernmental Revenue					
Auto Phase-Out (Motor Vehicle Reimbursement)	\$8,706,958	\$688,337	\$679,793	\$664,782	\$679,794
PILOT	377,406	435,268	398,662	398,753	445,657
Civil Defense	57,075	80,520	29,087	24,000	41,355
State Aid - School Construction	1,694,324	1,786,696	1,886,366	1,602,134	1,602,134
Distressed Communities	1,385,729	1,419,216	1,419,739	1,416,751	1,854,837
Video Lottery Payment	112,065	98,057	105,061	112,065	0
State Mandated Revaluation	0	0	230,163	0	0
FIP Incentive Aid	0	0	0	0	677,275
<i>Other</i>	<i>112,065</i>	<i>98,057</i>	<i>335,224</i>	<i>112,065</i>	<i>677,275</i>
<i>Subtotal: Intergovernmental</i>	<i>\$12,333,557</i>	<i>\$4,508,094</i>	<i>\$4,748,872</i>	<i>\$4,218,485</i>	<i>\$5,978,327</i>
Pass-through Aid					
Public Service Corp Tax	789,933	800,794	856,267	800,794	864,281
Hotel Tax	45,340	43,082	41,952	46,325	45,853
Meals Tax	633,198	637,764	670,832	662,294	647,204
<i>Subtotal: Pass-through Aid</i>	<i>\$1,468,471</i>	<i>\$1,481,640</i>	<i>\$1,569,052</i>	<i>\$1,509,413</i>	<i>\$1,557,338</i>
Total City General Revenue	\$105,685,984	\$105,137,153	\$107,273,642	\$109,303,663	\$111,060,071
<i>School Department</i>	<i>\$94,654,120</i>	<i>\$88,286,627</i>	<i>\$91,267,702</i>	<i>\$98,793,800</i>	<i>\$102,868,674</i>
Total Revenue	\$200,340,104	\$193,423,780	\$198,541,344	\$208,097,463	\$213,928,745

Source: Pawtucket budget documents, RIPEC calculations

Expenditures

This report focuses on the expenditures of Pawtucket’s Executive, Finance, Planning, and Public Works departments, which are combined as City Administration. Table 8 shows the change in spending by expenditure category for these particular departments from FY 2010 through FY 2014. Total FY 2014 expenditures for Pawtucket’s administration were about \$15.9 million, a \$193,886 (1.2 percent) decline from \$16.1 million in FY 2010. Expenditures in all categories except purchased services, capital, and charge backs were lower in FY 2014 than FY 2010. Expenditures will be further described in the Baseline Analysis section.

**Table 8
Pawtucket City Administration Expenditures, FY 2010 - FY 2014**

Expenditure Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$7,912,491	\$7,895,214	\$7,117,002	\$7,675,324	\$6,816,808
Benefits	\$4,282,279	\$4,227,562	\$3,712,516	\$4,021,461	\$3,825,869
Purchased Services	\$3,588,249	\$3,560,547	\$2,955,560	\$3,114,667	\$4,970,647
Supplies	\$523,940	\$649,488	\$499,765	\$700,171	\$482,837
Other	\$50,095	\$48,850	\$20,463	\$25,000	\$25,000
Capital	\$38,016	\$57,516	\$99,719	\$169,130	\$111,516
Debt Service	\$0	\$0	\$0	\$0	\$0
<i>Subtotal</i>	<i>\$16,395,070</i>	<i>\$16,439,177</i>	<i>\$14,405,025</i>	<i>\$15,705,753</i>	<i>\$16,232,677</i>
Charge Backs	-\$294,545	-\$365,615	-\$38,256	-\$311,520	-\$326,038
Total Expenditures	\$16,100,525	\$16,073,562	\$14,366,769	\$15,394,233	\$15,906,639

Source: Pawtucket budget documents, RIPEC calculations

III. Baseline Analysis

This section will provide an overview of Pawtucket’s recent financial and operational history, with a specific focus on changes in revenues, expenditures, and the number of budgeted positions from FY 2009 to FY 2014. Since 2012, RIPEC has collaborated with Pawtucket on creating strategies for optimal efficiency regarding its financial management. More specifically, RIPEC recommended and assisted with Pawtucket’s outsourcing and sharing of services for its waste disposal program, which cut overall expenditures and expenditures within its Department of Public Works for FY 2014, as this section will later detail.

Levy

Property taxes are the single largest source of revenue for Rhode Island communities. In 2012, the state’s property tax collections accounted for over 45 percent of tax collections in the Ocean State. The levy reflects the total amount of money generated through residential, commercial, motor vehicle, and tangible property taxes. The total levy goes to support a number of public services in a community. In 2006, the General Assembly passed the “Property Tax Relief Act of 2006”, commonly referred to as S-3050. The legislation capped the amount the property tax levy can grow annually beginning in FY 2008 (thus capping the levy growth rate, not the levy amount), changing the criteria for exemptions from the cap.

In FY 2013, Pawtucket accrued the third largest total from the property tax levy, at \$100 million, just behind Providence with \$332 million and Cranston with \$181 million. East Providence received just under \$100 million. Because of their size, these cities are more likely to have the highest property tax levies. The municipal property tax levy totals rankings were repeated in FY 2012, with Pawtucket’s totals behind those of Providence and Cranston.

Table 9
Municipal Levy Percent Increase Among Urban RI Cities, FY 2009-2014

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Statewide Cap	5.0%	4.75%	4.5%	4.25%	4.0%	4.0%
Central Falls	4.2%	0.7%	19.3%	4.2%	3.9%	4.0%
Cranston	3.5%	4.7%	9.1%	3.3%	0.4%	0.1%
East Providence	0.9%	0.1%	8.7%	3.2%	0.0%	1.9%
Newport	4.3%	3.3%	0.0%	4.2%	2.7%	3.5%
North Providence	3.3%	13.4%	8.0%	2.9%	0.4%	0.4%
Pawtucket	5.0%	8.1%	4.7%	4.2%	3.9%	-0.7%
Providence	4.3%	2.4%	4.4%	5.7%	2.6%	2.4%
Warwick	4.7%	4.2%	2.3%	3.8%	1.6%	1.6%
West Warwick	5.0%	4.7%	0.3%	1.0%	3.7%	3.9%
Woonsocket	3.6%	4.8%	15.3%	4.2%	3.9%	4.0%

Source: RI Division of Municipal Finance

Table 9 compares the change in levies between FY 2009 and FY 2014 among Rhode Island’s urban communities. In FY 2014, Pawtucket was the only urban city to decrease their levy, by 0.7 percent. Pawtucket received commendations for its commitment to taxpayers in 2014.¹ Central Falls and Woonsocket were the only municipalities to hold their levy increase at the cap (4.0

percent), with West Warwick close behind with a tax levy increase of 3.9 percent. As the data shows, FY 2014 marked the second instance in five years where no urban communities exceeded the cap on levy growth (2013 was the first instance). In FY 2012, two urban cities, Providence and Central Falls, requested levy cap exemptions, yet only Providence exceeded the cap. In FY

¹ “The RI Communities with the Biggest Tax Increases.” *GoLocalProv*, January 9, 2014.

2011, Pawtucket, Central Falls, Cranston, East Providence, North Providence, and Woonsocket were among 14 cities in the state that requested exemptions due to a loss of non-property tax revenues. Moreover, Pawtucket also exceeded the cap in FY 2010. The city experienced its largest cuts in state aid during these two fiscal years.

Revenues

Total FY 2014 revenues for the city of Pawtucket were approximately \$111.1 million, an increase of \$5.3 million, or 5.1 percent, since FY 2010. Including the School Department, total revenues were \$213,928,745, an increase of \$13.6 million (6.8 percent), from \$200.3 million in FY 2010. Table 10 shows the city's general revenues by source, from FY 2010 to FY 2014.

Revenue Source	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budgeted	FY 2014 Budgeted
Local Revenue					
Real Estate	75,467,008	76,116,544	76,568,327	79,112,605	79,159,422
Tangible	5,906,190	5,670,287	5,604,305	5,621,722	5,715,612
Motor Vehicle	5,342,562	8,923,525	12,544,019	13,161,918	13,323,410
<i>Property Taxes</i>	<i>\$86,715,760</i>	<i>\$90,710,356</i>	<i>\$94,716,651</i>	<i>\$97,896,245</i>	<i>\$98,198,444</i>
Licenses	234,747	234,721	236,406	237,260	237,685
Permits	401,579	431,808	511,637	580,300	471,100
Charges for Service	2,157,371	2,241,412	2,808,594	2,432,590	2,688,240
Fines and Forfeitures	457,156	499,877	411,716	378,220	345,020
<i>Departmental</i>	<i>3,250,853</i>	<i>3,407,818</i>	<i>3,735,446</i>	<i>3,628,370</i>	<i>3,742,045</i>
Other Revenue	498,712	425,321	460,877	486,150	489,280
Interest	736,292	869,330	1,029,408	715,000	930,000
Other Financing Sources	682,339	3,922,003	1,013,337	850,000	865,484
<i>Other</i>	<i>1,917,343</i>	<i>5,216,654</i>	<i>2,503,624</i>	<i>2,051,150</i>	<i>2,284,764</i>
<i>Subtotal: Local</i>	<i>\$91,883,956</i>	<i>\$99,334,828</i>	<i>\$101,202,544</i>	<i>\$103,575,765</i>	<i>\$104,225,253</i>
Intergovernmental Revenue					
Auto Phase-Out (Motor Vehicle Reimbursement)	\$8,706,958	\$688,337	\$679,793	\$664,782	\$679,794
PILOT	377,406	435,268	398,662	398,753	445,657
Civil Defense	57,075	80,520	29,087	24,000	41,355
State Aid - School Construction	1,694,324	1,786,696	1,886,366	1,602,134	1,602,134
Distressed Communities	1,385,729	1,419,216	1,419,739	1,416,751	1,854,837
Video Lottery Payment	112,065	98,057	105,061	112,065	0
State Mandated Revaluation	0	0	230,163	0	0
FIP Incentive Aid	0	0	0	0	677,275
<i>Other</i>	<i>112,065</i>	<i>98,057</i>	<i>335,224</i>	<i>112,065</i>	<i>677,275</i>
<i>Subtotal: Intergovernmental</i>	<i>\$12,333,557</i>	<i>\$4,508,094</i>	<i>\$4,748,872</i>	<i>\$4,218,485</i>	<i>\$5,978,327</i>
Pass-through Aid					
Public Service Corp Tax	789,933	800,794	856,267	800,794	864,281
Hotel Tax	45,340	43,082	41,952	46,325	45,853
Meals Tax	633,198	637,764	670,832	662,294	647,204
<i>Subtotal: Pass-through Aid</i>	<i>\$1,468,471</i>	<i>\$1,481,640</i>	<i>\$1,569,052</i>	<i>\$1,509,413</i>	<i>\$1,557,338</i>
Total City General Revenue	\$105,685,984	\$105,137,153	\$107,273,642	\$109,303,663	\$111,060,071
School Department	\$94,654,120	\$88,286,627	\$91,267,702	\$98,793,800	\$102,868,674
Total Revenue	\$200,340,104	\$193,423,780	\$198,541,344	\$208,097,463	\$213,928,745

Source: Pawtucket budget documents, RIPEC calculations

Local revenues consist primarily of property tax collections and departmental receipts. Intergovernmental revenue is both direct and pass-through state aid revenue collected by the

state and distributed to communities in which it was raised. School Department revenues, largely state aid, are also included in this comprehensive total.

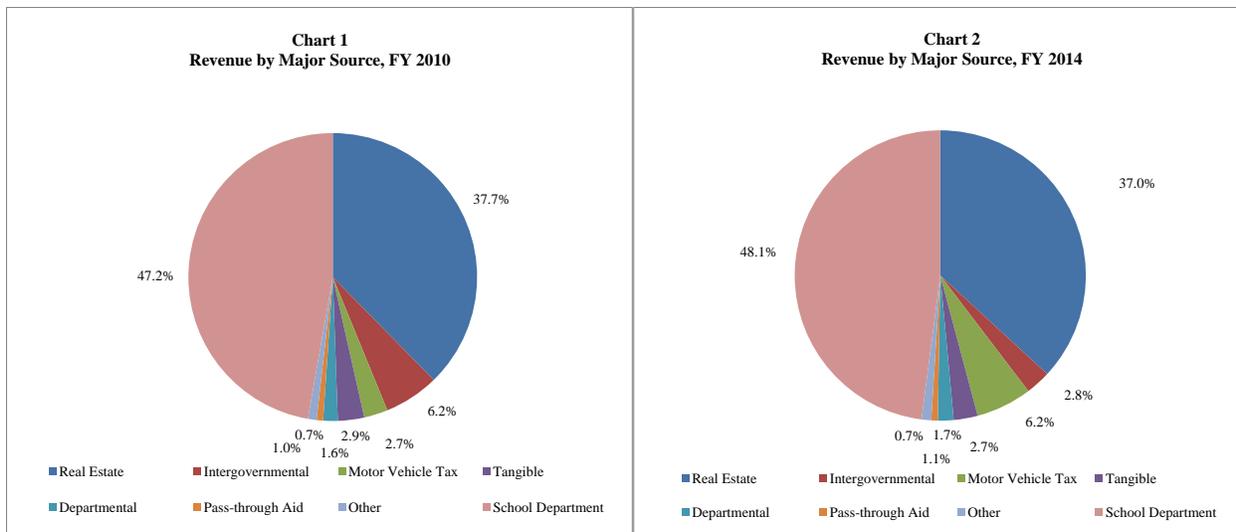
Collections from residential and commercial property taxes, which accounted for 88.4 percent of total local revenue budgeted in FY 2014, on average, increased \$11.4 million, from \$86.7 million to 98.1 million, or 10.0 percent, between FY 2010 to FY 2014. More specifically, motor vehicle property tax revenue more than doubled over this period, from \$5.3 million to \$13.3 million. Likewise, as a proportion of total revenue, collections from the motor vehicle tax have increased from 5.1 percent to 12.0 percent between FY 2010 and FY 2014. This particular increase in the motor vehicle tax was in response to the reduction in state aid to cities and towns beginning in FY 2009, resulting in various tax increases across the majority of Rhode Island municipalities to make up for lost revenue.

The remainder of local revenues is composed of departmental collections (licenses, permits, charges for service, and fines and forfeitures) and other miscellaneous revenues (including interest and other financing sources). All together, these categories of revenues represent 3.4 percent of all revenues in FY 2014 (\$3.7 million), compared to 3.0 percent (\$3.2 million) in FY 2010.

While local sources of revenue have increased over the period, intergovernmental revenue declined 52.0 percent, from \$12.3 million in FY 2010 to approximately \$6.0 million in FY 2014. Similarly, intergovernmental revenues as a share of total city revenues have declined from 11.7 percent to 5.4 percent over the period. This decline can be almost entirely attributed to an \$8.0 million decrease (92.2 percent) in motor vehicle reimbursement. Revenue from state aid for school construction, which is a reimbursement for repayment of school construction bonds, also declined over the period, while other sources of intergovernmental revenue remained largely consistent. Finally, FY 2014 marked the first year Pawtucket received FIP (Funding Improvement Plan) Incentive Aid, amounting to \$677,275 in the “Other” Intergovernmental Revenue category. FIP Incentive Aid is state-granted funding to improve the sustainability of municipally-administered and promised benefits, such as pensions.

Additionally, School Department revenues increased by 8.7 percent (\$8.2 million), from 94.6 million in FY 2010 to \$102.8 million in FY 2014. This is largely due to an 18.2 percent (\$5.0 million) increase in city appropriated school funding, from \$27.5 million in FY 2010 to \$32.5 million in FY 2014, and a 4.7 percent (\$3.2 million) increase in state aid for schools over the course of five years, from \$67.1 million in FY 2010 to \$70.3 million in FY 2014 to account for rising school costs.

Charts 1 and 2 compare revenue collections by major source in FY 2010 and FY 2014, breaking down the property tax category into its component parts and including the School Department, intergovernmental, departmental, and other sources of revenue.



Budgetary Structure and Expenditures

This section breaks down Pawtucket’s expenditures by category for the City Administration, and by department as a whole. By evaluating the budget by department, this views the budget comprehensively and includes School Department expenditures. The City Administration consists of the Executive, Finance, Planning, and Public Works departments.

City Administration Expenditures

Overall, Pawtucket’s City Administration expenditures have decreased by 1.2 percent over the past five years, from \$16.1 million in FY 2010 to approximately \$15.9 million budgeted for FY 2014. Table 11 shows the change in City Administration expenditures from FY 2010 to FY 2014. The decline in the city’s expenditures is driven by decreases in salaries, benefits, purchased services, supplies, and other expenditures between FY 2010 and FY 2014. RIPEC helped facilitate these decreases, specifically through its push for Pawtucket’s consolidation of

waste management services. Additionally, increases in charge back funds, discussed in the following sub-section, contributed to the overall decline.

Expenditure Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$7,912,491	\$7,895,214	\$7,117,002	\$7,675,324	\$6,816,808
Benefits	\$4,282,279	\$4,227,562	\$3,712,516	\$4,021,461	\$3,825,869
Purchased Services	\$3,588,249	\$3,560,547	\$2,955,560	\$3,114,667	\$4,970,647
Supplies	\$523,940	\$649,488	\$499,765	\$700,171	\$482,837
Other	\$50,095	\$48,850	\$20,463	\$25,000	\$25,000
Capital	\$38,016	\$57,516	\$99,719	\$169,130	\$111,516
Debt Service	\$0	\$0	\$0	\$0	\$0
Subtotal	\$16,395,070	\$16,439,177	\$14,405,025	\$15,705,753	\$16,232,677
Charge Backs	-\$294,545	-\$365,615	-\$38,256	-\$311,520	-\$326,038
Total Expenditures	\$16,100,525	\$16,073,562	\$14,366,769	\$15,394,233	\$15,906,639

Source: Pawtucket budget documents, RIPEC calculations

Specifically, salaries declined by 14.4 percent over the period, from \$7.9 million in FY 2010, to approximately \$6.8 million in FY 2014. Benefits declined by 10.7 percent, from \$4.3 million in FY 2010 to \$3.8 million in FY 2014. These declines are attributed to reductions in

staffing across departments, notably the privatization of waste management positions within the Department of Public Works, which RIPEC helped facilitate, in partnership with East Providence and Central Falls. Expenditures on supplies decreased as well, by 7.8 percent, from \$523,940 in FY 2010 to \$428,837 in FY 2014. Other expenditures, which consist mainly of miscellaneous fees such as public relations, license fees, Slater Mill upkeep, and membership to the Rhode Island League of Cities and Towns, declined by 50.1 percent, from \$101,573 in FY 2010 to \$25,000 in FY 2014. Conversely, purchased services expenditures increased by 38.5 percent, from \$3.6 million in FY 2010 to about \$5.0 million in FY 2014. Capital expenditures increased as well, from FY 2010 to FY 2014 by 193.3 percent, from \$38,016 in FY 2010 to \$111,516 in FY 2014. This increase is attributed to miscellaneous building improvements and office equipment acquisitions, which were greater in FY 2013 than all other years.

Charge Backs

Part of the overall decline in expenditures from FY 2010 to FY 2014 is due to the increase in charge back funds. Because Pawtucket performs services for local entities, it receives internal revenue, which it classifies as charge backs. For instance, the city’s Finance Department completes contract work in finance and HR for the Pawtucket Water Supply Board, while the Department of Public Works performs services for the Pawtucket School Department. The city then bills these organizations, and their payments appear as charge back fees. These charge back funds appear as negative lines in table 11, reducing about \$1.3 million total from the FY 2010 to FY 2014 expenditures. Charge back funds have increased by 10.7 percent from FY 2010 to FY 2014, decreasing the FY 2014 expenditures by \$326,038.

Expenditures by Department

This section also breaks down expenditures by department, including the School Department, as shown in table 12. Total expenditures, including the School Department, increased by 6.5 percent (\$13.1 million) over the five years, from \$200.8 million in FY 2010 to \$213.9 million in FY 2014. As a component of the total, total city general expenditures increased by 4.2 percent, or \$4.5 million, from a total of \$106.2 million in FY 2010 to a budgeted \$111.1 million in FY 2014. School Department expenditures grew 8.7 percent (\$8.2 million), from \$94.6 million in FY 2010 to about \$102.9 million in FY 2014.

Table 12
Pawtucket Expenditures by Department, FY 2010-FY 2014

Department	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budgeted	FY 2014 Budgeted
Legislative	\$2,762,352	\$2,842,925	\$2,427,953	\$2,600,492	\$2,638,011
Executive	820,089	886,060	770,519	833,205	855,983
Finance	2,967,832	2,936,540	2,887,483	2,884,407	2,857,138
Planning	1,816,153	1,739,168	1,698,220	1,567,761	1,672,843
Public Safety	40,687,185	41,725,970	41,500,250	43,967,022	44,577,758
Public Works	10,496,451	10,527,750	9,018,509	10,117,860	10,520,675
Non-Departmental	46,626,805	45,869,000	46,226,391	47,332,916	47,937,663
<i>Subtotal</i>	<i>\$106,176,867</i>	<i>\$106,527,413</i>	<i>\$104,528,925</i>	<i>\$109,303,663</i>	<i>\$111,060,071</i>
School Department	94,654,120	88,286,627	91,267,702	98,793,800	102,868,674
Total	\$200,830,987	\$194,814,040	\$195,796,627	\$208,097,463	\$213,928,745

Source: Pawtucket budget documents, RIPEC calculations

During this period, legislative, finance, and planning expenditures decreased. Legislative Department expenditures decreased by 4.5 percent, from \$2.8 million in FY 2010 to \$2.6 million in FY 2014. Additionally, Finance Department expenditures decreased by 3.7 percent, from

approximately \$3.0 million in FY 2010 to about \$2.9 million in FY 2014. Planning Department expenditures decreased by 7.9 percent, from \$1.8 million in FY 2010 to \$1.7 million in FY 2014. Decreases in all departments may be attributed to decreases in staffing and benefits, as the categorical breakdown of the City Administration’s expenditures details.

Conversely, executive, public safety, and non-departmental expenditures increased between FY 2010 and FY 2014. The Executive Department’s expenditures increased by 4.4 percent, from \$820,089 in FY 2010 to \$855,983 in FY 2014. Also, public safety expenditures, composed of the Police and Fire Departments, increased by 9.6 percent, from \$40.7 million in FY 2010 to approximately \$44.6 million in FY 2014. Further, non-departmental expenditures increased by 2.8 percent, from \$46.6 million in FY 2010 to \$47.9 million in FY 2014.

Table 13
RI Urban Cities Population & Density, 2010

City	Population	Land Area (sq mi)	Pop Density (persons per sq mi)
Central Falls	19,376	1.2	16,174
Cranston	80,387	28.3	2,837
East Providence	47,037	13.2	3,552
Newport	24,672	7.7	3,215
North Providence	32,078	5.8	5,720
Pawtucket	71,148	8.7	8,195
Providence	178,042	18.4	9,676
Warwick	82,672	35.1	2,359
West Warwick	21,191	8.1	3,729
Woonsocket	41,186	7.7	5,322
Rhode Island	1,051,302	1,033.8	1,018.1

Source: U.S. Census 2010, RI Division of Municipal Finance

The Department of Public Works’ expenditures remained relatively static at \$10.5 million from FY 2010 through FY 2014. This stabilization in growth (despite interest accrued over time) may be attributed to the privatization of waste management services with Central Falls and East Providence, which RIPEC assisted with and first highlighted as a possibility.

Benchmarking Communities

This section benchmarks Pawtucket’s structure and FY 2014 budget with other Rhode Island and New England cities. Cities were selected based upon similar demographic composition, government structure, and annual budget size. RIPEC selected Cranston and East Providence for a state comparison and Springfield, Massachusetts and Bridgeport, Connecticut for a regional comparison.

Table 14
Median Household Income and Percent Below Poverty, Urban Cities in RI

City	Median Household Income	Per Capita Income	Percent Below Poverty
Central Falls	\$33,520	\$15,235	25.4%
Cranston	\$58,877	\$28,496	8.4%
East Providence	\$50,397	\$28,813	9.3%
Newport	56,802	36,446	10.2%
North Providence	47,751	27,855	9.7%
Pawtucket	\$41,384	\$21,753	17.8%
Providence	37,723	21,628	26.3%
Warwick	61,114	31,596	7.6%
West Warwick	50,606	21,175	7.4%
Woonsocket	41,001	21,316	22.2%
Rhode Island	\$54,902	\$29,865	12.2%

Sources: Div. of Municipal Finance, U.S. Census 2010 ACS

State Benchmarking

Cranston

Cranston is located east of Providence, the capital, and southeast of Pawtucket. The city contains about 9,000 more people than Pawtucket; meanwhile, its population density is significantly less than Pawtucket’s, at 2,837 people per square mile, compared to 8,195 people per square mile in Pawtucket. Table 13 shows Cranston’s population and population density compared to the 10 urban cities in Rhode Island. As table 14 shows, although Pawtucket and Cranston are of similar size, Cranston’s median household income is about \$17,000 more annually than that of Pawtucket (\$58,877 versus \$41,384, respectively). Additionally, table 14 shows that 8.4 percent of Cranston’s population living below the poverty line is about 9.4 percentage points less

than Pawtucket’s population living below the poverty line, at 17.8 percent.

Like Pawtucket, Cranston operates under a strong-mayoral form of government, in which the mayor has veto power and a supervisory role over city departments. Table 15 illustrates the breakdown of expenditures for similarly-structured city administrations in Cranston and Pawtucket – comparing expenditures across the Executive, Planning, Finance, and Public Works departments in each city.

It must be noted that Cranston’s total FY 2014 City Administration budget of \$22.4 million was \$6.5 million larger than Pawtucket’s City Administration budget, at approximately \$15.9 million. As a proportion of total City Administration spending, Cranston’s Planning and Public Works department expenditures varied the most from those of Pawtucket, taking up about 8.7 percentage points less and 5.9 percentage points more of the total, respectively, than Pawtucket. Cranston set aside a smaller proportion of its budget on Planning Department expenditures, at 1.8 percent of total City Administration spending (\$406,539), compared to 10.5 percent of City Administration spending (\$1.7 million) in Pawtucket. Moreover, Cranston set aside a larger proportion of its budget than Pawtucket on Public Works Department expenditures, at 72.0 percent (\$16.1 million) compared to 66.1 percent (\$10.5 million), in Pawtucket. Pawtucket recently privatized its waste management services, decreasing its public works expenditures. Although Cranston has contracted its waste management to Waste Management Services of Rhode Island for years, its Public Works Department expenditures are greater than those of Pawtucket. Conversely, Cranston’s Executive and Finance department expenditures were distributed similarly to Pawtucket’s, with Executive and Finance department expenditures amounting to about 6.2 and 20.0 percent of the total City Administration budget in each city, respectively.

City Admin. Department	Cranston		Pawtucket	
	FY 2014 Budgeted	Percent of City Administration Budget	FY 2014 Budgeted	Percent of City Administration Budget
Executive	\$1,380,813	6.2%	\$855,983	5.4%
Finance	4,481,815	20.0%	2,857,138	18.0%
Planning	406,539	1.8%	1,672,843	10.5%
Public Works	16,140,000	72.0%	10,520,675	66.1%
Total	\$22,409,167	100.0%	\$15,906,639	100.0%

Source: Cranston and Pawtucket budget documents, RIPEC calculations

Table 16 shows total staffing allocation per City Administration department in Pawtucket, East Providence, and Cranston. Cranston staffs more employees in its City Administration than Pawtucket; 160 employees versus 149 employees, respectively. In terms of staffing distribution, Cranston has a similar percentage of employees working in the Executive Department compared to Pawtucket (7.5 percent versus 7.4 percent, respectively), and a slightly lower percentage working in the Finance Department when compared to Pawtucket (18.8 percent versus 22.1 percent, respectively). Cranston’s proportion of employees in the Planning and Public Works department vary from Pawtucket by about 4.0 and 6.0 percent, respectively. While Cranston employs 11.3 percent of its employees in the Planning Department, Pawtucket employs 14.1 percent in its Planning Department.

Table 16
Pawtucket, Cranston and East Providence Staffing

Department	Pawtucket		Cranston		East Providence	
	Number of Employees	Percent of Total Employees	Number of Employees	Percent of Total Employees	Number of Employees	Percent of Total Employees
Executive	11	7.4%	12	7.5%	15	9.3%
Finance	33	22.1%	30	18.8%	32	19.8%
Planning	21	14.1%	18	11.3%	7	4.3%
Public Works	84	56.4%	100	62.5%	108	66.7%
Total	149	100.0%	160	100.0%	162	100.0%

Source: Pawtucket, East Providence, & Cranston budget documents; RIPEC calculations

East Providence

East Providence is located south of Pawtucket and east of the capital, Providence. As table 13 shows, East Providence contains 47,037 people -- over 21,000 less people than Pawtucket, which has 71,148 people. Additionally, its population density is lower than Pawtucket's, at 3,552 people per square mile, in comparison to Pawtucket's 8,195 people per square mile. Pawtucket's population density is only lower than Central Falls and Providence. However, as table 14 shows, East Providence's median household income is closer to that of Pawtucket than Cranston, at \$50,397 annually, just \$7,000 more than Pawtucket's \$41,384 annual median household income. Additionally, 9.3 percent of people in East Providence live below the poverty line – about 8.0 percent less than the 17.8 percent of people living below the poverty line in Pawtucket.

Like Pawtucket, East Providence has been listed as a “Distressed” municipality by the state, and has received “Distressed” community funding. As the city neared bankruptcy, the East Providence Budget Commission was created to avoid further financial difficulties. The steps the budget commission took to avoid bankruptcy will serve as a basis for specific recommendations in the Comments section.

Table 17
City Administration Expenditures Breakdown, East Providence and Pawtucket, FY 2013 & 2014

City Admin. Department	East Providence		Pawtucket	
	FY 2013 Budgeted*	Percent of City Administration Budget	FY 2014 Budgeted	Percent of City Administration Budget
Executive	\$1,145,337	5.0%	\$855,983	5.4%
Finance	3,512,990	22.5%	2,857,138	18.0%
Planning	745,883	4.8%	1,672,843	10.5%
Public Works	10,179,442	65.3%	10,520,675	66.1%
Total	\$15,583,652	100.0%	\$15,906,639	100.0%

*Because the fiscal year for East Providence ends in September, the FY 2014 budget is unavailable
Source: Cranston and Pawtucket budget documents, RIPEC calculations

The proportion of City Administration expenditures in East Providence for FY 2013 was closely aligned with those of Pawtucket. Besides Planning Department expenditures, departmental expenditures as a percentage of the total City Administration budget in the two cities were within 5.0 percentage points of each other, as table 17 illustrates. East Providence's Planning Department expenditures, which took up 4.8 percent of total City Administration spending, were 5.7 percentage points lower than

Pawtucket's proportion of Planning Department expenditures of 10.5 percent (\$1.7 million).

East Providence budgeted for a total of \$15.6 million in City Administration Expenditures in 2013², about \$0.2 million less than Pawtucket (\$15.8 million). East Providence’s Executive Department expenditures were 5.0 percent (\$1.1 million) of its total City Administration spending, which, as a proportion of total City Administration spending, was 0.4 percentage points lower than Pawtucket’s Executive Department expenditures, at 5.4 percent (\$855,983). Additionally, East Providence’s finance expenditures made up 22.5 percent (\$3.5 million) of City Administration spending – about 4.6 percentage points higher than Pawtucket’s proportionate Finance Department spending, at 17.9 percent (2.8 million). Further, Public Works Department expenditures were 65.3 percent of the total, slightly less than than Pawtucket’s proportion of 66.4 percent, at \$10.2 million compared to \$10.4 million, respectively.

In terms of staffing, East Providence staffed more people than Pawtucket: 162 employees versus 149 employees, respectively. Staffing between East Providence and Pawtucket varied the most in the Planning Department, as table 16 shows. East Providence employed 4.3 percent (seven employees) of its total City Administration staff in the Planning Department, while Pawtucket employed 14.1 percent (21 employees) of its total City Administration staff in the department. Additionally, East Providence staffed a higher percentage of its City Administration employees in the Department of Public Works than Pawtucket – 66.7 percent of the total (108 employees), compared to 56.4 percent of total City Administration employees in Pawtucket (84 employees). In June 2013, East Providence joined Pawtucket in its privatization of waste management services. Further, East Providence and Pawtucket are similarly staffed in the Executive and Planning Departments, varying from each other by less than 10 percentage points in proportion.

Regional Benchmarking

Springfield, Massachusetts

Springfield is located on the east bank of the Connecticut River, 89 miles west of Boston, 25 miles north of Hartford, CT, and 85 miles northeast of Providence. Like Pawtucket, Springfield, created in 1636, has an industrial tradition. With 153,060 people and 4,738 people per square mile, Springfield is more similar in population density to Pawtucket than Cranston and East Providence. Also similar to Pawtucket, the City of Springfield operates under a strong mayoral

form of government. Additionally, 27.0 percent of people in Springfield lived beneath the poverty line in 2010 – approximately 10.0 percentage points higher than people living in Pawtucket (17.0 percent in 2010). Springfield’s median family income is \$35,603 – about \$6,000 less than Pawtucket’s median family income, which is \$41,384 annually.

Table 18
City Administration Expenditures Breakdown, Springfield and Pawtucket,
FY 2014

City Admin. Department	Springfield		Pawtucket	
	FY 2014 Budgeted	Percent of City Administration Budget	FY 2014 Budgeted	Percent of City Administration Budget
Executive	\$2,403,784	2.3%	\$855,983	5.4%
Finance	88,416,213	86.4%	2,857,138	18.0%
Planning	1,310,026	1.3%	1,672,843	10.5%
Public Works	10,227,389	10.0%	10,520,675	66.1%
Total	\$102,357,412	100.0%	\$15,906,639	100.0%

Source: Springfield and Pawtucket budget documents, RIPEC calculations

² Because the fiscal year for East Providence ends in September, the FY 2014 budget is unavailable to use for this report.

Table 19
City Administration Staffing, FY 2014: Pawtucket, Springfield, and Bridgeport

Department	Pawtucket		Springfield		Bridgeport	
	Number of Employees	Percent of Total Employees	Number of Employees	Percent of Total Employees	Number of Employees*	Percent of Total Employees *
Executive	11.0	7.4%	30.0	14.1%	172.0	50.1%
Finance	33.0	22.1%	63.5	29.8%		
Planning	21.0	14.1%	70.0	32.9%	132.0	38.4%
Public Works	84.0	56.4%	49.3	23.2%	39.5	11.5%
Total	149	100.0%	213	100.0%	344	100.0%

*Includes "General Government" employees: Executive & Finance Departments Combined

Source: Pawtucket, Bridgeport, & Springfield budget documents; RIPEC calculations

As table 18 shows, Springfield's FY 2014 City Administration budget was \$86.5 million larger than that of Pawtucket -- \$102.4 million versus \$15.9 million, respectively. Overall, Springfield spent its money differently than Pawtucket, with its Finance and Public Works departments varying from Pawtucket by 68.4 to 56.1 percentage points. Springfield allocated considerably more spending toward its Finance

Department, spending 86.4 percent (\$88.4 million) of its City Administration budget on finances, in comparison to 18.0 percent (\$2.9 million) in Pawtucket. Additionally, Springfield allocated just 10.0 percent (\$10.2 million) of its total City Administration budget to public works expenditures, in comparison to 66.1 percent (\$10.5 million) in Pawtucket. This may be attributed partially to the trash and recycling fee required for trash collection and disposal in the City of Springfield, offsetting the city's administration costs. East Providence's Executive and Planning department expenditures also varied from those of Pawtucket by 3.0 percentage points to 9.2 percentage points, respectively.

Springfield staffed almost double the number of total City Administration employees than Pawtucket, with 213 in comparison to 149, respectively. As table 19 illustrates, Springfield's allocation of employees also differed considerably from Pawtucket. Springfield employed twice the proportion of City Administration employees in the Executive and Planning departments than Pawtucket, with 14.1 percent of its employees working in the Executive Department (compared to 7.4 percent in Pawtucket) and 32.9 percent of its employees working in the Planning Department (compared to 14.1 percent). However, Pawtucket employed more than twice the proportion of City Administration employees in Public Works than Springfield, despite its recent privatization of waste management, with 56.4 percent (84 employees) compared to 23.2 percent (49.3 employees), respectively. Proportionately, staffing in the Finance Department was similar in Springfield and Pawtucket, differing by about 7.0 percentage points between Springfield and Pawtucket, from 29.8 percent of City Administration employees to 22.1 percent of City Administration employees, respectively.

Bridgeport, Connecticut

Bridgeport is located on Interstate 95 on Long Island Sound, 121 miles south of Providence, RI and 62.9 miles north of New York City. Its labor history includes a factory boom, including the success of prominent sewing machine manufacturer Wheeler & Wilson and the Local Mobile Company of America. It is the most populous city in the state of Connecticut, with 142,229 residents – over twice the population of Pawtucket, with 71,148 residents. Additionally, Bridgeport has a population density of 9,029 people per square mile, which is approximately 1,000 more than Pawtucket's 8,195 people per square mile. Bridgeport also has a median household income of \$40,947, just below Pawtucket, and 21.8 percent of people living below the

poverty line, which is approximately 4 percentage points higher than Pawtucket. Of all the cities analyzed in this section, Bridgeport’s proportion of poor households is most similar to Pawtucket.

Because Bridgeport categorizes its budget differently, it is difficult to compare their FY 2014 budget to that of Pawtucket, as table 20 shows. Bridgeport groups its Executive, Finance, and Planning Departments together, under the category of “General Government”. For this reason, RIPEC has displayed subtotals for the same grouping in Pawtucket’s budget.

Table 20
City Administration Expenditures Breakdown, Bridgeport & Pawtucket, FY 2014

	Bridgeport		Pawtucket	
City Admin. Department	FY 2014 Budgeted	Percent of City Administration Budget	FY 2014 Budgeted	Percent of City Administration Budget
Executive			\$855,983	5.4%
Finance	\$41,504,611*	44.6%	2,857,138	18.0%
Planning			1,672,843	10.5%
<i>Subtotal</i>	<i>\$41,504,611</i>	<i>44.6%</i>	<i>\$5,385,964</i>	<i>33.9%</i>
Public Works	51,532,652	55.4%	10,520,675	66.1%
Total	\$93,037,263	100.0%	\$15,906,639	100.0%

*"General Government" includes Executive, Finance and Planning Departments combined
Source: Bridgeport and Pawtucket budget documents, RIPEC calculations

In FY 2014, Bridgeport worked with a \$77.1 million larger budget than Pawtucket, budgeting \$93.0 million in total City Administration expenditures, while Pawtucket budgeted \$15.9 million. Proportionately, Bridgeport spent 10.7 percent more on “General Government” expenditures, at 44.6 percent of its total City Administration expenditures (\$41.5 million). Meanwhile,

Pawtucket spent 33.9 percent of its budget on “General Government Expenditures”, spending about \$5.4 million. Conversely, Bridgeport spent 10.8 percent less on Public Works Department expenditures than Pawtucket, at 55.4 percent of the City Administration total (\$51.5 million) compared to 66.1 percent in Pawtucket (\$10.5 million).

Table 19 shows staffing in Bridgeport, Pawtucket, and Springfield. In FY 2014, Bridgeport’s distribution of employees in City Administration departments varied considerably from that of Pawtucket. Bridgeport employed more than twice the City Administration staff than Pawtucket, at 344 compared to 149. Additionally, Bridgeport focused most of its staff (50.1 percent) in the Executive and Finance departments, compared to 29.5 percent in Pawtucket. Conversely, Pawtucket’s proportion of employees working in the Department of Public works was more than 40.0 percentage points higher than that of Bridgeport – 56.4 percent (84 employees) in Pawtucket compared to 11.5 percent (39.5 employees) in Bridgeport. Bridgeport operates its own waste management system, with a privately-contracted trash-burning site that neighboring communities like Middleton, Connecticut use. Finally, Bridgeport allocates more staff to planning than Pawtucket, at 38.4 percent (132 employees) of the total City Administration staff compared to 14.1 percent (21 employees) of City Administration staff.

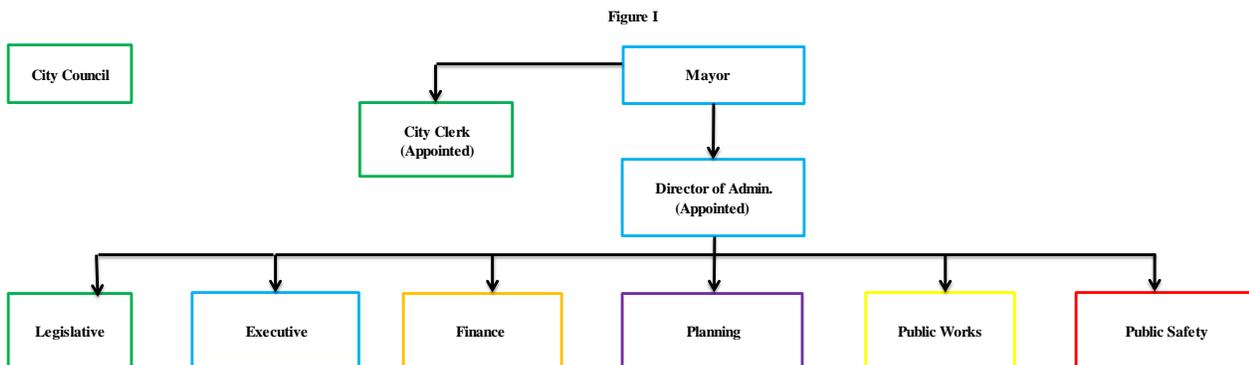
IV. Organizational Analysis

Organizational History

Pawtucket’s structure was revised as RIPEC conducted this analysis, as a result of a collaboration between RIPEC and Pawtucket. Specifically, the internal structure of the IT Department and Department of Public Works was modified, with the goal of streamlining operations and increasing government efficiency. Internal changes are to be described in detail later in this section, and a description of the specific IT consolidation initiative can be found in the “Mergers and Consolidations” section.

Because the Legislative and Public Safety departments are outside this report’s scope, organizational charts and descriptions are to be found in the appendix. The Legislative Department includes the City Council, Library, Board of Canvassers, City Clerk’s Office, and Probate Court. The Public Safety Department consists of the Fire and Police Departments. Charts and further descriptions of each department are found in the appendix. This report will focus on the City Administration, an umbrella term that encompasses the Executive, Finance, Planning and Public Works departments.

The current agency structure is shown in figure I.

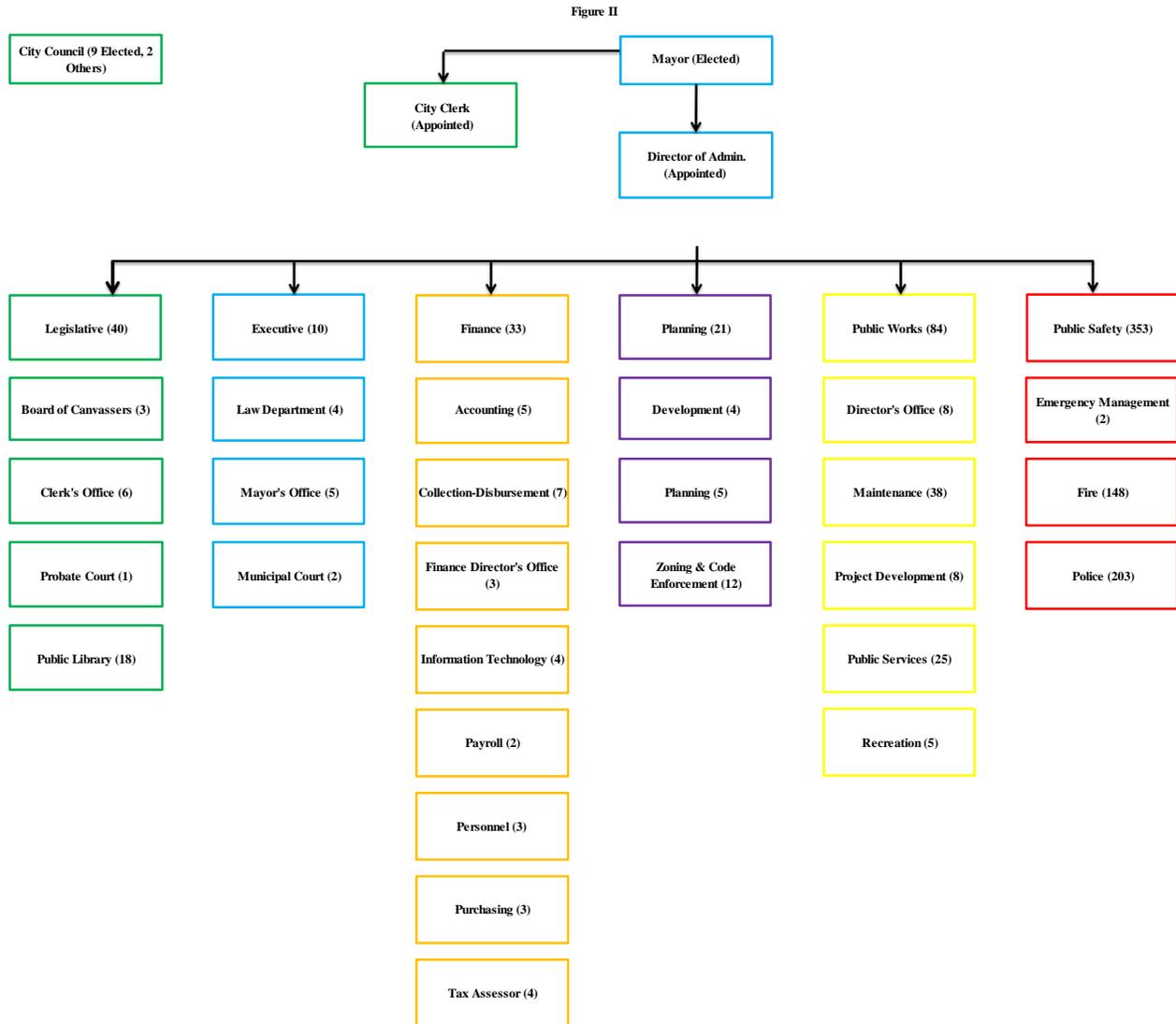


City of Pawtucket Overview

The City of Pawtucket is governed by a Mayor and nine-member City Council, elected by the city’s voting public. It operates under a strong mayoral form of municipal government, meaning the Mayor has significant administrative authority and political independence. The city’s government is organized into the following six major departments:

- Legislative;
- Executive;
- Finance;
- Planning;
- Public Works; and
- Public Safety.

In addition to the city's departmental structure, the internal divisions of the city were also rearranged as RIPEC was conducting this study. Consolidation of the IT Department and privatization of city-staffed waste management services within the Department of Public Works suggest an effort to emphasize new municipal priorities in a more consolidated model. The organization below (figure II) is based on these most recent changes:



Staffing

As table 21 shows, city staffing has decreased in all departments between FY 2010 and FY 2013. The Public Works Department experienced the largest rate of decrease in staff, at 34.9 percent. Although the department remains the largest department under consideration, it decreased its staff by the highest number of budgeted positions, from 129 in

Department	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Change	Percent
Executive	11	11	11	11	10	-1	-9.1%
Finance	39	39	32	32	33	-6	-15.4%
Planning	25	25	26	21	21	-4	-16.0%
Public Works	129	125	107	106	84	-45	-34.9%
Total	204	200	176	170	148	-56	-27.5%

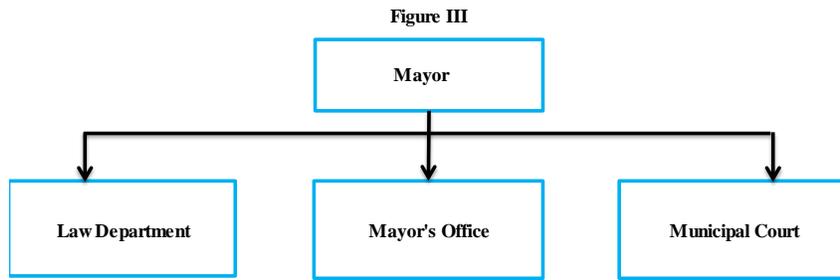
Source: Pawtucket Budgets, FY 2010-2014

FY 2010 to 84 in FY 2014. This is attributed to privatizing solid waste services, which will be described in detail in the “Mergers and Consolidations” section. The Executive Department experienced the smallest decrease in staff, decreasing by one position, or 9.1 percent, between FY 2010 and FY 2014. The Finance and Planning departments experienced almost equal rates of decreases in staffing – by 15.4 percent and 16.0 percent, respectively. The Finance Department decreased their staff by six positions, from 39 in FY 2010 to 33 in FY 2014. Finally, the Planning Department decreased its number of positions by four, from 25 in FY 2010 to 21 in FY 2014.

Executive Department

Three divisions make up the Executive Department, as shown in figure III. The departments include:

- The Mayor’s Office with five employees, overseeing all day-to-day operations, long-term planning, and addressing constituent concerns;
- The Law Department, which represents the City Administration and City Council in court, takes part in contract negotiations, and provides legal advice to the city; and
- The Municipal Court, which hosts the cases handled by the Law Department in-house.



Finance Department

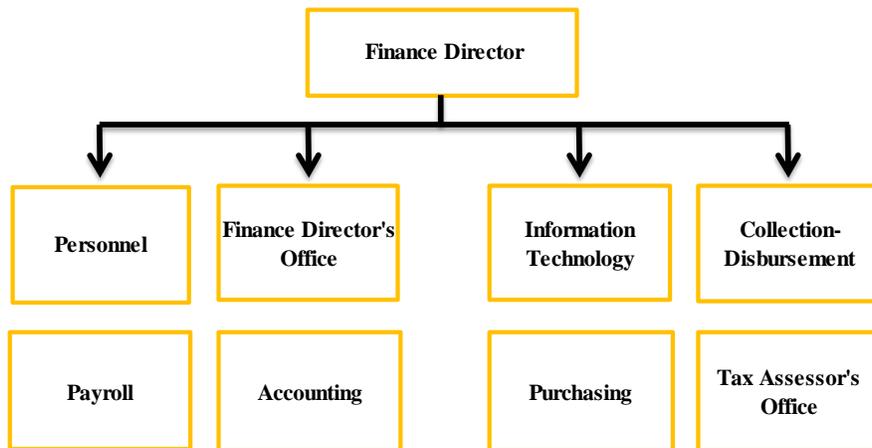
As of changes current July 2013, the Finance Department includes eight divisions, all of which staff full-time positions. Divisions and their respective functions are as follows (shown in figure IV):

- The Finance Director’s Office directs all Finance Department divisions, provides fiscal advice to the Mayor and City Council, and helps the Executive Office prepare the annual operating budget.
- The Personnel Division provides human resources (HR) management services, and has gone from three full-time budgeted positions (currently vacant) to two Personnel Aide positions.³
- The Payroll Division compiles attendance data from all city departments, processes the city and School Department payroll and prints and distributes checks.
- The Accounting Division is responsible for posting all city transactions to the General Ledger, including payroll, cash receipts, and bank reconciliation in addition to monitoring grants.
- The Purchasing Division oversees acquisition of purchased services, supplies, and capital assets for all city departments and the School Department, in addition to issuing Requests for Proposals (RFPs).

³ The city remains in on-going talks with the Pawtucket School Department to create a consolidated HR department.

- The Tax Collection-Disbursement Division collects, processes, and deposits tax revenues for the city.
- The Tax Assessor’s Office conducts research to determine valuation of property throughout the city, tax exemptions, changes to ownership records such as deeds, and subcontracts for additional revaluation services.
- The Information Technology (IT) Division was reorganized in July 2013. Traditionally, the division manages and maintains the city’s IT infrastructure, hardware, and software in addition to providing helpdesk support to the city departments and maintaining the city’s telephone systems. In July, the Pawtucket School District and the city of Pawtucket consolidated their IT systems into one division. This merger will be described further in the “Mergers and Consolidations” section.

Figure IV

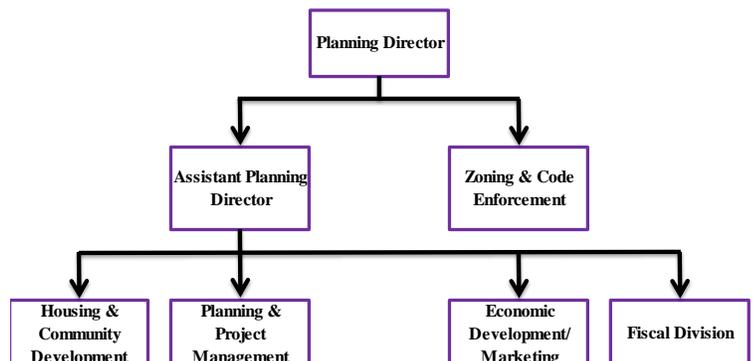


Department of Planning and Redevelopment

As figure V shows, the Department of Planning and Redevelopment is organized under the Planning Director. The department consists of three divisions:

- The Planning and Development divisions report to the Assistant Planning Director. Both divisions provide long-term planning for housing, community development, capital budgeting, project management, and limited economic development and finance functions for the City of Pawtucket.
- The Zoning and Code Enforcement Division operates separately from the other divisions. While the City Council passes zoning ordinances and amendments, the Zoning and Code Enforcement Division is responsible for establishing, maintaining, enforcing, and recommending amendments to the city’s zoning policies and practices. The division also issues permits and investigates zoning and code compliance issues.

Figure V

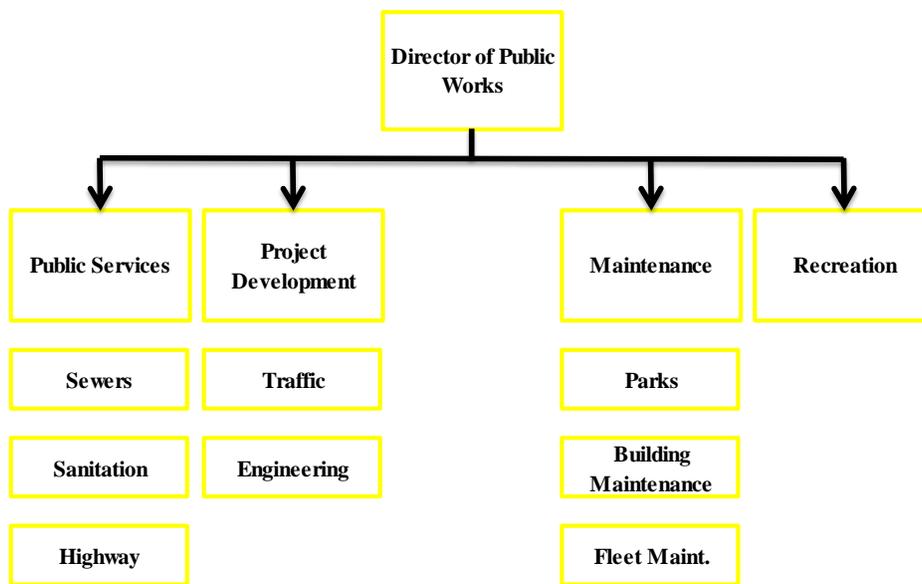


Public Works Department

The Public Works Department is organized along functional lines, and divided into four divisions (shown in figure VI):

- Public Services focuses primarily on waste management and maintenance functions. However, the city’s recent privatization of refuse collections will transition current employees to other Public Services work, like beautification efforts, or to other Public Works divisions.
- Project Development is composed of the department’s Traffic and Engineering Divisions. These divisions predominantly plan and implement construction projects, conduct some road maintenance, inspect city roadways and sidewalks, and acquire state and federal permits for city work.
- Maintenance performs equipment and public building maintenance, repairing structures when necessary.
- Recreation is responsible for seasonal programming at the city’s parks and facilities, as well as issuing permits for private use of the city’s facilities.

Figure VI



V. Financial Forecast

A forecast is designed to provide a baseline fiscal outlook for taxpayers and policymakers. While a forecast is a useful benchmark to assess various policy options, data should be interpreted with caution, and inherent risks must be considered, e.g., the economic outlook, external actions (state tax policy, non-local aid distributions and school funding decisions), and town policies (contract negotiations and debt management). The following forecast uses a number of key variables to develop a more comprehensive picture of the revenue and expenditure structure of the city.

This section projects Pawtucket’s revenues and expenditures for the next five years. The projections are based on past trends, ending with the most recent data, FY 2014. More information on using and maintaining the financial model, e.g. changing its assumptions, is located in Appendix C.

Revenue Projections

City-wide revenues are largely driven by property tax collections. For this reason, RIPEC conducted three versions of revenue projections: low, medium, and high, isolating the property tax and increasing it with each version. In each projection, property taxes either remained stagnant each year (low forecast), were increased by estimated CPI each year (medium forecast),⁴ or were increased by 4.0 percent each year (high forecast), which is the maximum permitted by the state levy cap, as table 22 illustrates. The projections assume no increase in property value. According to the Governor’s FY 2015 budget, motor vehicle aid, PILOT, and distressed aid are to be level funded in the out-years, and, subsequently, remain so in each projection (as shown in tables 23-25). Further, Funding Improvement Plan (FIP) aid has only been extended through FY 2016; each projection reflects this. All of the other line items were increased by estimated CPI.

Funding Formula

The revenue projections within this section produce totals that contain state education aid. Total School Department funding is partly composed of state education aid, determined by the funding formula, and Pawtucket’s annual municipal contribution. Implemented in FY 2010, the funding formula for municipalities receiving state education aid is based on student population in each municipality and was created to add a transparent, systematic way of distributing state education aid throughout the state. The funding formula will be funded in full for Pawtucket by FY 2018, with new data serving as the baseline starting in FY 2019. Thus, the following revenue projections include the projected increases in state education aid, as determined by the funding formula projection totals based on FY 2014 data from the Rhode Island Department of Education (RIDE) and the Division of Municipal Finance, through FY 2018. The state education aid total remains level funded in FY 2019, as it is unclear what population changes will take place to change the funding formula totals. Municipal School Department contributions were assumed to remain level throughout the five-year time period.

Type of Increase	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Stagnant	0.00%	0.00%	0.00%	0.00%	0.00%
CPI*	2.1%	2.5%	2.6%	2.4%	2.4%
High**	4.0%	4.0%	4.0%	4.0%	4.0%

* CPI is taken from the November 2013 Revenue Estimating Conference Estimates.

** The High forecast assumes the levy for property taxes is held to the cap (4.0 percent), and is only applied to the property taxes.

Source: November 2013 RI Caseload and Revenue Estimating Conference (Moody's Economy.com), RIPEC calculations

⁴ CPI is taken from the November 2013 Revenue Estimating Conference. Estimates reflect those from Moody’s Economy.com.

Low Forecast

This forecast assumed that Pawtucket’s revenues from property tax collections remained stagnant over the five projected years, showcasing their impact on overall revenue. Every other line item (excluding the School Department) increased by estimated CPI over the course of five years. As table 23 shows, the low forecast of budgeted city revenues increased by 0.7 percent (\$789,815), from approximately \$111.1 million in FY 2014 to \$111.9 million in FY 2019. As explained previously, property taxes did not increase, remaining stagnant from FY 2014 to FY 2019, at about \$98.2 million total (including real estate, tangible, and motor vehicle taxes combined). Including the School Department, total revenues increased by 5.4 percent (\$11.6 million), from \$213.9 million in FY 2014 to \$225.5 million in FY 2019.

Revenue Source	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Local Revenue						
Real Estate	79,159,422	79,159,422	79,159,422	79,159,422	79,159,422	79,159,422
Tangible	5,715,612	5,715,612	5,715,612	5,715,612	5,715,612	5,715,612
Motor Vehicle	13,323,410	13,323,410	13,323,410	13,323,410	13,323,410	13,323,410
<i>Property Taxes</i>	<i>98,198,444</i>	<i>98,198,444</i>	<i>98,198,444</i>	<i>98,198,444</i>	<i>98,198,444</i>	<i>98,198,444</i>
Licenses	237,685	242,676	248,501	254,713	260,572	266,304
Permits	471,100	480,993	492,537	504,850	516,462	527,824
Charges for Service	2,688,240	2,744,693	2,810,566	2,880,830	2,947,089	3,011,925
Fines and Forfeitures	345,020	352,265	360,720	369,738	378,242	386,563
<i>Departmental</i>	<i>3,742,045</i>	<i>3,820,628</i>	<i>3,912,323</i>	<i>4,010,131</i>	<i>4,102,364</i>	<i>4,192,616</i>
Other Revenue	489,280	499,555	511,544	524,333	536,392	548,193
Interest	930,000	949,530	972,319	996,627	1,019,549	1,041,979
Other Financing Sources	864,281	882,431	903,609	926,199	947,502	968,347
<i>Other</i>	<i>2,283,561</i>	<i>2,331,516</i>	<i>2,387,472</i>	<i>2,447,159</i>	<i>2,503,444</i>	<i>2,558,519</i>
<i>Subtotal: Local</i>	<i>104,224,050</i>	<i>104,350,588</i>	<i>104,498,239</i>	<i>104,655,734</i>	<i>104,804,252</i>	<i>104,949,579</i>
Intergovernmental Revenue						
Motor Vehicle Reimbursement	679,794	679,794	679,794	679,794	679,794	679,794
PILOT	445,657	445,657	445,657	445,657	445,657	445,657
Civil Defense	27,000	27,567	28,229	28,934	29,600	30,251
State Aid - School Construction	1,602,134	1,635,779	1,675,038	1,716,913	1,756,402	1,795,043
Distressed Communities	1,854,837	1,893,789	1,939,240	1,987,720	2,033,438	2,078,174
Video Lottery Payment	0	0	0	0	0	0
State Mandated Revaluation	0	0	0	0	0	0
FIP Incentive Aid	691,498	708,094	725,796	0	0	0
<i>Other</i>	<i>691,498</i>	<i>708,094</i>	<i>725,796</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Subtotal: Intergovernmental</i>	<i>5,300,920</i>	<i>6,979,577</i>	<i>7,147,087</i>	<i>6,583,275</i>	<i>6,735,433</i>	<i>6,900,307</i>
Pass-through Aid						
Public Service Corp Tax	856,267	874,249	895,231	917,611	938,716	959,368
Hotel Tax	45,853	46,816	47,939	49,138	50,268	51,374
Meals Tax	647,204	660,795	676,654	693,571	709,523	725,132
<i>Subtotal: Pass-through Aid</i>	<i>1,549,324</i>	<i>1,581,860</i>	<i>1,619,824</i>	<i>1,660,320</i>	<i>1,698,507</i>	<i>1,735,875</i>
Total General Revenues	111,060,071	111,330,165	111,645,326	111,239,010	111,539,685	111,849,886
School Department	102,868,674	103,675,351	107,008,121	110,340,891	113,673,659	113,673,659
Total Revenues	213,928,745	215,005,516	218,653,447	221,579,901	225,213,344	225,523,545

Source: Pawtucket budget documents, RIPEC calculations

While property taxes did not increase, every other revenue item excluding the school department (with fixed projected increases) increased by estimated CPI (see table 22) each year, with all items individually increasing by 12.0 percent. In this scenario, departmental revenues (licenses, permits, charges for service, and fines and forfeitures) increased by 12.0 percent (\$450,071), from \$3.7 million in FY 2014 to about \$4.2 million in FY 2019. “Other” revenues (other revenues, interest, and other financing sources) increased by 12.0 percent (\$274,958), from \$2.3 million in FY 2014 to approximately \$2.6 million in FY 2019. All intergovernmental revenues and pass through aid increased by 12.0 percent as well. Intergovernmental revenues (including motor vehicle reimbursement/auto phase-out funding, PILOT funding, and school construction aid from the state) increased by 30.2 percent (\$1.6 million), from about \$5.3 million in FY 2014 to \$6.9 million in FY 2019. Additionally, pass-through aid increased by 12.0 percent (\$186,551) over the five years, from \$1.5 million in FY 2014 to \$1.7 million in FY 2019.

The School Department revenue totals were projected to increase by 10.5 percent (\$10.8 million), from \$102.9 million in FY 2014 to \$113.7 million in FY 2019.

Medium Forecast

In this forecast, Pawtucket’s revenues from property tax collections were increased by estimated CPI (displayed in table 22) for a medium forecast, along with the other line items, excluding the aforementioned motor vehicle reimbursement, PILOT, state aid, and Funding Improvement Plan (FIP) aid. Subsequently, the forecast shows a 12.0 percent (\$11.8 million) increase in property taxes, from \$98.2 in FY 2014 to \$110.0 in FY 2019. As previously mentioned, the School Department revenue totals were projected to increase by 10.5 percent (\$10.8 million), from \$102.9 million in FY 2014 to \$113.7 million in FY 2019. The forecast assumed that every other revenue line item would experience equal growth over the next five years.

As table 24 shows, the low forecast of budgeted revenues increased by 11.4 percent (\$12.6 million), from approximately \$111.1 million in FY 2014 to \$123.7 million in FY 2019. Including the School Department, total revenue increased by 10.9 percent (\$23.4 million), from \$213.9 million in FY 2014 to \$237.3 million in FY 2019. This scenario illustrates the impact of property tax and School Department revenue on Pawtucket’s budget. When compared to the low forecast, in which the property taxes remained stagnant, the medium forecast increased Pawtucket’s total city revenues 5.2 percent (\$11.8 million), from \$225.5 million projected for FY 2019 in the low forecast to \$237.3 million projected for FY 2019 in the medium forecast.

In this forecast, all line items but the School Department increased by 12.0 percent total over the course of five years, identical to the previous forecast.

Table 24
MEDIUM FORECAST
City of Pawtucket Revenue Projections, FY 2014 - FY 2019

Revenue Source	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Local Revenue						
Real Estate	79,159,422	80,821,770	82,761,492	84,830,530	86,781,632	88,690,828
Tangible	5,715,612	5,835,640	5,975,695	6,125,088	6,265,965	6,403,816
Motor Vehicle	13,323,410	13,603,202	13,929,678	14,277,920	14,606,313	14,927,651
<i>Property Taxes</i>	<i>98,198,444</i>	<i>100,260,611</i>	<i>102,666,866</i>	<i>105,233,538</i>	<i>107,653,909</i>	<i>110,022,295</i>
Licenses	237,685	242,676	248,501	254,713	260,572	266,304
Permits	471,100	480,993	492,537	504,850	516,462	527,824
Charges for Service	2,688,240	2,744,693	2,810,566	2,880,830	2,947,089	3,011,925
Fines and Forfeitures	345,020	352,265	360,720	369,738	378,242	386,563
<i>Departmental</i>	<i>3,742,045</i>	<i>3,820,628</i>	<i>3,912,323</i>	<i>4,010,131</i>	<i>4,102,364</i>	<i>4,192,616</i>
Other Revenue	489,280	499,555	511,544	524,333	536,392	548,193
Interest	930,000	949,530	972,319	996,627	1,019,549	1,041,979
Other Financing Sources	864,281	882,431	903,609	926,199	947,502	968,347
<i>Other</i>	<i>2,283,561</i>	<i>2,331,516</i>	<i>2,387,472</i>	<i>2,447,159</i>	<i>2,503,444</i>	<i>2,558,519</i>
<i>Subtotal: Local</i>	<i>104,224,050</i>	<i>106,412,755</i>	<i>108,966,661</i>	<i>111,690,828</i>	<i>114,259,717</i>	<i>116,773,431</i>
Intergovernmental Revenue						
Motor Vehicle Reimbursement	679,794	679,794	679,794	679,794	679,794	679,794
PILOT	445,657	445,657	445,657	445,657	445,657	445,657
Civil Defense	27,000	27,567	28,229	28,934	29,600	30,251
State Aid - School Construction	1,602,134	1,635,779	1,675,038	1,716,913	1,756,402	1,795,043
Distressed Communities	1,854,837	1,854,837	1,854,837	1,854,837	1,854,837	1,854,837
Video Lottery Payment	0	0	0	0	0	0
State Mandated Revaluation	0	0	0	0	0	0
FIP Incentive Aid	677,275	691,498	708,094	0	0	0
<i>Other</i>	<i>677,275</i>	<i>691,498</i>	<i>708,094</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Subtotal: Intergovernmental</i>	<i>5,286,697</i>	<i>6,979,577</i>	<i>7,147,087</i>	<i>6,599,968</i>	<i>6,751,768</i>	<i>6,900,307</i>
Pass-through Aid						
Public Service Corp Tax	856,267	874,249	895,231	917,611	938,716	959,368
Hotel Tax	45,853	46,816	47,939	49,138	50,268	51,374
Meals Tax	647,204	660,795	676,654	693,571	709,523	725,132
<i>Subtotal: Pass-through Aid</i>	<i>1,549,324</i>	<i>1,581,860</i>	<i>1,619,824</i>	<i>1,660,320</i>	<i>1,698,507</i>	<i>1,735,875</i>
Total City General Revenues	111,060,071	113,392,332	116,113,748	118,290,796	121,011,485	123,673,737
School Department	102,868,674	103,675,351	107,008,121	110,340,891	113,673,659	113,673,659
Total General Revenues	213,928,745	217,067,683	223,121,869	228,631,687	234,685,144	237,347,396

Source: Pawtucket budget documents, RIPEC calculations

High Forecast

In this forecast, Pawtucket's revenues from property tax collections were increased by 4.0 percent, held to the levy cap (the amount each municipality is allowed to increase their taxes each year), as displayed in table 25 (next page). Property tax revenues subsequently grew by 21.7 percent (\$21.3 million), from \$98.2 million total in FY 2014 to \$119.5 million in FY 2019. As previously mentioned, the School Department revenue totals were projected to increase by 10.5 percent (\$10.8 million), from \$102.9 million in FY 2014 to \$113.7 million in FY 2019. The forecast assumed that all other revenue line items would grow by CPI over the course of five years.

As table 25 shows, the high forecast projected a city general revenue increase of 19.9 percent (\$22.0 million), from \$111.1 million in FY 2014 to \$133.1 million in FY 2019. Including the School Department, total expenditures increased 20.7 percent (\$44.3 million), from \$213.9 million in FY 2014 to \$258.3 million in FY 2019. This example illustrates the significant impact of property taxes and the School Department on the budget as a whole. The high forecast's FY 2019 projection was 8.8 percent (\$20.9 million) higher than the medium projection of \$237.3 million for the same year, while it was 14.5 percent (\$32.7 million) higher than the low projection of \$225.5 million for the same year.

Table 25
HIGH FORECAST
City of Pawtucket Revenue Projections, FY 2014 - FY 2019

Revenue Source	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Local Revenue						
Real Estate	\$79,159,422	\$82,325,799	\$85,618,831	\$89,043,584	\$92,605,327	\$96,309,541
Tangible	\$5,715,612	\$5,944,236	\$6,182,006	\$6,429,286	\$6,686,458	\$6,953,916
Motor Vehicle	\$13,323,410	\$13,856,346	\$14,410,600	\$14,987,024	\$15,586,505	\$16,209,965
<i>Property Taxes</i>	<i>\$98,198,444</i>	<i>\$102,126,382</i>	<i>\$106,211,437</i>	<i>\$110,459,895</i>	<i>\$114,878,290</i>	<i>\$119,473,422</i>
Licenses	\$237,685	\$242,676	\$248,501	\$254,713	\$260,572	\$266,304
Permits	\$471,100	\$480,993	\$492,537	\$504,850	\$516,462	\$527,824
Charges for Service	\$2,688,240	\$2,744,693	\$2,810,566	\$2,880,830	\$2,947,089	\$3,011,925
Fines and Forfeitures	\$345,020	\$352,265	\$360,720	\$369,738	\$378,242	\$386,563
<i>Departmental</i>	<i>\$3,742,045</i>	<i>\$3,820,628</i>	<i>\$3,912,323</i>	<i>\$4,010,131</i>	<i>\$4,102,364</i>	<i>\$4,192,616</i>
Other Revenue	\$489,280	\$499,555	\$511,544	\$524,333	\$536,392	\$548,193
Interest	\$930,000	\$949,530	\$972,319	\$996,627	\$1,019,549	\$1,041,979
Other Financing Sources	\$864,281	\$882,431	\$903,609	\$926,199	\$947,502	\$968,347
<i>Other</i>	<i>\$2,283,561</i>	<i>\$2,331,516</i>	<i>\$2,387,472</i>	<i>\$2,447,159</i>	<i>\$2,503,444</i>	<i>\$2,558,519</i>
<i>Subtotal: Local</i>	<i>\$104,224,050</i>	<i>\$108,278,525</i>	<i>\$112,511,232</i>	<i>\$116,917,185</i>	<i>\$121,484,098</i>	<i>\$126,224,557</i>
Intergovernmental Revenue						
Motor Vehicle Reimbursement	679,794	679,794	679,794	679,794	679,794	679,794
PILOT	445,657	445,657	445,657	445,657	445,657	445,657
Civil Defense	\$27,000	\$27,567	\$28,229	\$28,934	\$29,600	\$30,251
State Aid - School Construction	1,602,134	1,635,779	1,675,038	1,716,913	1,756,402	1,795,043
Distressed Communities	\$1,854,837	\$1,893,789	\$1,939,240	\$1,987,720	\$2,033,438	\$2,078,174
Video Lottery Payment	\$0	\$0	\$0	\$0	\$0	\$0
State Mandated Revaluation	\$0	\$0	\$0	\$0	\$0	\$0
FIP Incentive Aid	\$677,275	\$691,498	\$708,094	\$0	\$0	\$0
<i>Other</i>	<i>\$677,275</i>	<i>\$691,498</i>	<i>\$708,094</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
<i>Subtotal: Intergovernmental</i>	<i>\$5,286,697</i>	<i>\$6,979,577</i>	<i>\$7,147,087</i>	<i>\$6,599,968</i>	<i>\$6,751,768</i>	<i>\$6,900,307</i>
Pass-through Aid						
Public Service Corp Tax	\$856,267	\$874,249	\$895,231	\$917,611	\$938,716	\$959,368
Hotel Tax	\$45,853	\$46,816	\$47,939	\$49,138	\$50,268	\$51,374
Meals Tax	\$647,204	\$660,795	\$676,654	\$693,571	\$709,523	\$725,132
<i>Subtotal: Pass-through Aid</i>	<i>\$1,549,324</i>	<i>\$1,581,860</i>	<i>\$1,619,824</i>	<i>\$1,660,320</i>	<i>\$1,698,507</i>	<i>\$1,735,875</i>
Total City Revenue	\$111,060,071	\$115,258,103	\$119,658,320	\$123,516,973	\$128,235,866	\$133,124,864
School Department	\$102,868,674	\$103,675,351	\$107,008,121	\$110,340,891	\$113,673,659	\$113,673,659
Total General Revenues	\$213,928,745	\$222,241,524	\$230,921,077	\$239,230,241	\$248,577,665	\$258,280,335

Source: Pawtucket budget documents, RIPEC calculations

In this forecast, all other line items (excluding those previously mentioned) increased by 12.0 percent total over the course of five years, identical to the low and medium forecasts.

Expenditure Projections, By Category and By Department

Growth in expenditures is calculated based on assumptions provided by the city and state out-year estimates. As with revenues, RIPEC calculated three versions of expenditure forecasts: low, medium, and high. As table 26 shows, all line items without fixed, or manual increases were projected to increase by either 0.0 percent (low or stagnant), CPI estimates⁵, or high CPI estimates (3.1 percent). The high CPI estimate is the highest CPI recorded over the past five years, 3.1 percent in CY 2011.

Type of Increase	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Stagnant	0.00%	0.00%	0.00%	0.00%	0.00%
CPI*	2.1%	2.5%	2.6%	2.4%	2.4%
High CPI**	3.1%	3.1%	3.1%	3.1%	3.1%

* CPI is taken from the November 2013 Revenue Estimating Conference Estimates.
 ** The High CPI is the highest CPI recorded over the past five years (CY 2011).
 Source: November 2013 RI Caseload and Revenue Estimating Conference (Moody's Economy.com), RIPEC calculations

Table 27 shows the line items increasing by a set amount over time. Besides workers' compensation, which is calculated using a rolling average (of every two years), each line item was assumed to increase by a certain percentage per year. School appropriations were assumed to increase by a minimum of 4.0 percent (FY 2015 and FY 2019) and a maximum of 8.0 percent (FY 2018), as expenditures may rise regardless of the state funding formula contribution, with the city responsible for providing funding to fill the gap.

Medicare was assumed to increase by 1.5 percent each year, while F.I.C.A. was assumed to increase by a high of 6.2 percent (FY 2015) and a low of 5.8 percent (FY 2019), with a different amount every year. M.E.R.S. was assumed to increase by 14.2 percent each year, while all types of pensions

Line Item	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Assumed School Appropriation (Manual)	4.0%	5.0%	6.0%	8.0%	4.0%
Workers' Compensation (Rolling)					
Medicare	1.5%	1.5%	1.5%	1.5%	1.5%
F.I.C.A.	6.2%	6.1%	6.0%	5.9%	5.8%
M.E.R.S.	14.2%	14.2%	14.2%	14.2%	14.2%
Pension 1 Old Fire / Police	4.7%	6.4%	6.4%	6.4%	6.4%
Pension 2	4.7%	6.4%	6.4%	6.4%	6.4%
Pension 3	4.7%	6.4%	6.4%	6.4%	6.4%
Pension 4	4.7%	6.4%	6.4%	6.4%	6.4%
Pension 5	4.7%	6.4%	6.4%	6.4%	6.4%

Source: Pawtucket Model

(including Old Fire/Police and Pensions 1 through 5) were assumed to increase by 4.7 percent in FY 2015 and 6.4 percent each year thereafter.

Salaries, including supplemental, detail, and overtime wages, were assumed to increase by 24.7 percent annually from the FY 2014 baseline. Purchased services, supplies, debt service, and operating capital were assumed to grow by inflation (per the November 2013 Economic Consensus forecast provided by Moody's Analytics).

⁵ CPI is taken from the November 2013 Revenue Estimating Conference. Estimates reflect those from Moody's Economy.com, and vary for each year forecasted.

Low Forecast

In this forecast, all expenditures, excluding fixed or manual expenditures, were assumed to remain stagnant over the next five years. In this case, both by category and department, total city general expenditures were projected to increase by about 8.1 percent (\$9.0 million), from \$111.1 million in FY 2014 to a projected \$120.0 million in FY 2019, as table 28 shows. Including the School Department, total expenditures were projected to increase 4.2 percent (8.9 million), from \$213.9 million in FY 2014 to \$222.9 million in FY 2019.

Table 28 shows expenditures by department. When looking at expenditure line items by department, the Public Safety Department was projected to experience the greatest increase, at 15.2 percent (\$6.8 million), over the five years, from \$44.6 million in FY 2014 to \$51.4 million in FY 2019. The Legislative Department was forecast to spend \$2.9 million, a 10.4 percent growth, while the Planning and Finance Departments were projected to increase by 9.0 percent and 8.8 percent respectively (to \$1.8 million and \$931,044, respectively). Public works, non-departmental, and executive expenditures were projected to increase the least, by 5.7, 2.1, and 1.6 percent, respectively.

Table 29 displays total expenditures by category. Analyzing line items by category shows disproportionate increases in salaries, benefits, and purchased services (the categories most affected by fixed increases), in comparison to the other categories. In this example, salaries totaled 34.9 million in FY 2019, an 8.9 percent increase from \$32.0 million in FY 2014. Benefits grew 20.2 percent over the five years, from about \$30.4 million in FY 2014 to \$36.5 million in FY 2019. The School Department remained stagnant, at \$102.9 million projected for the next five years. Purchased services, supplies, other, capital, and debt service remained stagnant through FY 2019, forecasted to total the same amount as FY 2014, at \$9.2 million, \$1.8 million, \$31.1 million, \$534,317, and \$6.2 million, respectively.

**Table 28
LOW FORECAST
Pawtucket Expenditures by Department, FY 2014-FY 2019**

Department	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Legislative	\$2,638,011	\$2,693,068	\$2,745,384	\$2,799,962	\$2,855,371	\$2,912,177
Executive	855,983	865,840	881,599	897,868	914,308	931,044
Finance	2,857,138	2,680,075	2,733,569	2,789,182	2,845,319	2,902,561
Planning	1,672,843	1,691,109	1,722,652	1,755,240	1,788,685	1,823,112
Public Safety	44,577,758	47,579,460	48,182,767	49,032,561	50,118,913	51,401,843
Public Works	10,520,675	10,573,968	10,705,076	10,841,561	10,977,780	11,115,614
Non-Departmental	47,937,663	48,147,417	48,347,008	48,559,914	48,760,629	48,956,996
<i>Subtotal: City</i>	111,060,071	114,230,936	115,318,055	116,676,288	118,261,005	120,043,347
School Department	102,868,674	102,868,674	102,868,674	102,868,674	102,868,674	102,868,674
Total	\$213,928,745	\$217,099,610	\$218,186,729	\$219,544,962	\$221,129,679	\$222,912,021

Source: Pawtucket budget documents, RIPEC calculations

**Table 29
LOW FORECAST
Pawtucket Projected Expenditures, All Departments, FY 2014 - FY 2019**

Expenditure Category	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Salaries	\$32,012,803	\$33,050,440	\$33,245,388	\$33,638,495	\$34,185,360	\$34,855,873
Benefits	30,362,014	32,495,242	33,387,413	34,352,539	35,390,391	36,502,220
Purchased Services	9,157,531	9,157,531	9,157,531	9,157,531	9,157,531	9,157,531
Supplies	1,788,569	1,788,569	1,788,569	1,788,569	1,788,569	1,788,569
Other	30,976,740	30,976,740	30,976,740	30,976,740	30,976,740	30,976,740
Capital	534,317	534,317	534,317	534,317	534,317	534,317
Debt Service	6,228,097	6,228,097	6,228,097	6,228,097	6,228,097	6,228,097
<i>Subtotal</i>	111,060,071	114,230,936	115,318,055	116,676,288	118,261,005	120,043,347
School Department	102,868,674	102,868,674	102,868,674	102,868,674	102,868,674	102,868,674
Total	\$213,928,745	\$217,099,610	\$218,186,729	\$219,544,962	\$221,129,679	\$222,912,021

Source: Pawtucket budget documents, RIPEC calculations

Medium Forecast

In this forecast, all expenditures without fixed increases (shown in table 27) were assumed to increase by estimated CPI over the next five years. In this case, both by category and department, total city general expenditures increased by 17.4 percent (\$19.3 million), from \$111.1 million in FY 2014 to a projected \$130.3 million in FY 2019. The medium forecast totals were 4.4 percent (\$5.4 million) higher than the low forecasted total of \$120.0 million, illustrating the impact of CPI on unfixed expenditure categories. When evaluating the budget as a whole, including the School Department, total expenditures increased by 14.3 percent (\$31.7 million), from \$213.9 million in FY 2014 to a projected \$245.6 million in FY 2019, fed in large part by the 12.0 percent increase in School Department expenditures. These expenditures increased from \$102.9 million in FY 2014 to a projected \$115.3 million in FY 2019.

Table 30
MEDIUM FORECAST
Pawtucket Expenditures by Department, FY 2014 - FY 2019

Department	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Legislative	\$2,638,011	\$2,702,900	\$2,766,690	\$2,833,505	\$2,900,455	\$2,968,553
Executive	855,983	868,007	886,294	905,260	924,244	943,468
Finance	2,857,138	2,686,015	2,746,439	2,809,444	2,872,553	2,936,616
Planning	1,672,843	1,696,308	1,733,917	1,772,976	1,812,522	1,852,920
Public Safety	44,577,758	48,865,836	50,580,846	52,394,227	54,270,256	56,226,958
Public Works	10,520,675	10,669,948	10,913,053	11,169,000	11,417,871	11,665,938
Non-Departmental	47,937,663	48,983,407	50,158,480	51,411,899	52,593,818	53,750,314
<i>Subtotal: City</i>	<i>111,060,071</i>	<i>116,472,421</i>	<i>119,785,717</i>	<i>123,296,311</i>	<i>126,791,718</i>	<i>130,344,767</i>
School Department	102,868,674	105,028,916	107,549,610	110,238,350	112,773,832	115,254,857
Total	\$213,928,745	\$221,501,337	\$227,335,328	\$233,534,662	\$239,565,550	\$245,599,624

Source: Pawtucket budget documents, RIPEC calculations

Table 31
MEDIUM FORECAST
Pawtucket Projected Expenditures, All Departments, FY 2014 - FY 2019

Expenditure Category	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Salaries	\$32,012,803	\$33,889,665	\$34,704,948	\$35,554,882	\$36,422,970	37,316,558
Benefits	30,362,014	32,875,111	34,180,142	35,568,285	36,995,622	38,480,875
Purchased Services	9,157,531	9,349,839	9,574,235	9,813,591	10,039,304	10,260,168
Supplies	1,788,569	1,826,129	1,869,956	1,916,705	1,960,789	2,003,927
Other	30,976,740	31,627,252	32,386,306	33,195,963	33,959,470	34,706,579
Capital	534,317	545,538	558,631	572,596	585,766	598,653
Debt Service	6,228,097	6,358,887	6,511,500	6,674,288	6,827,796	6,978,008
<i>Subtotal</i>	<i>111,060,071</i>	<i>116,472,421</i>	<i>119,785,717</i>	<i>123,296,311</i>	<i>126,791,718</i>	<i>130,344,767</i>
School Department	102,868,674	105,028,916	107,549,610	110,238,350	112,773,832	115,254,857
Total	\$213,928,745	\$221,501,337	\$227,335,328	\$233,534,662	\$239,565,550	\$245,599,624

Source: Pawtucket budget documents, RIPEC calculations

Table 30 shows the budget subtotals by department. When looking at expenditure line items by department, the Public Safety Department was projected to experience the greatest increase, by 26.1 percent, from \$44.6 million in FY 2014 to \$56.2 million in FY 2019. The Legislative Department and non-departmental expenditures were projected to increase by the second and third highest amounts, 12.5 percent and 12.1 percent, respectively. The Planning, Executive, and Public Works Departments were expected to increase by the next largest amounts (10.8 percent, 10.9 percent, and 10.2 percent, respectively), followed by the Finance Department, with a 2.8 percent increase over the course of the five years. The School Department was projected to increase by 12.0 percent (\$12.4 million), from \$102.9 in FY 2014 to \$115.3 in FY 2019.

Table 31 divides the budget by category. Evaluating line items by category in this forecast projects the greatest proportional increase over the next five years to be in benefits, with a 24.7

percent increase, from \$30.4 million in FY 2014 to \$38.5 million in FY 2019. Salaries experienced the next highest increase over the time period, by 15.7 percent, from \$32.0 million in FY 2014 to \$37.3 million in FY 2019. Debt Service increased by 12.0 percent from \$6.2 million in FY 2014 to about \$7.0 million in FY 2019. Purchased services, supplies, other, and capital expenditures each increased by 11.8 percent (\$1.1 million, \$215,358, \$3.7 million, and \$64,336 respectively).

High Forecast

In this forecast, all expenditures without fixed increases (see table 27) were assumed to increase by a high CPI (see table 26) over the next five years. In this case, both by category and department, total city general expenditures increased by 20.2 percent (\$22.3 million), from \$111.1 million in FY 2014 to a projected \$133.5 million in FY 2019. Including the School Department, total revenues increased by 18.4 percent (\$39.3 million), from \$213.9 million in FY 2014 to \$253.3 million in FY 2019. The total projected increase was fueled largely by a 16.5 percent increase in School Department expenditures, from \$102.9 million in FY 2014 to \$119.8 million in FY 2019. The total high forecast totals were 13.6 percent (\$30.6 million) higher than the low forecasted total of \$222.9 million, and 3.1 percent (\$7.7 million) higher than the medium forecast of \$245.6 million, illustrating the large impact of high CPI on unfixed expenditure categories.

Table 32 shows the budget by department. When looking at expenditure line items by department, the Public Safety Department was projected to increase the most, at 28.6 percent, from \$44.6 million in FY 2014 to \$57.3 million in FY 2019. Non-departmental expenditures were projected to increase by 15.8 percent,

Table 32
HIGH FORECAST
Pawtucket Expenditures by Department, FY 2014-FY 2019

Department	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Legislative	\$2,638,011	\$2,707,582	\$2,774,863	\$2,844,870	\$2,916,185	\$2,989,391
Executive	855,983	869,038	888,095	907,764	927,710	948,060
Finance	2,857,138	2,688,843	2,751,376	2,816,309	2,882,055	2,949,204
Planning	1,672,843	1,698,783	1,738,238	1,778,985	1,820,840	1,863,938
Public Safety	44,577,758	49,108,753	51,004,800	52,983,520	55,085,763	57,306,970
Public Works	10,520,675	10,715,653	10,992,840	11,279,931	11,571,425	11,869,348
Non-Departmental	47,937,663	49,381,498	50,853,426	52,378,112	53,931,272	55,522,010
<i>Subtotal: City</i>	111,060,071	117,170,152	121,003,640	124,989,491	129,135,250	133,448,920
School Department	102,868,674	106,057,603	109,345,389	112,735,096	116,229,884	119,833,010
Total	\$213,928,745	\$223,227,754	\$230,349,028	\$237,724,586	\$245,365,134	\$253,281,930

Source: Pawtucket budget documents, RIPEC calculations

Table 33
HIGH FORECAST
Pawtucket Projected Expenditures, All Departments, FY 2014 - FY 2019

Expenditure Category	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Salaries	\$32,012,803	\$33,947,708	\$34,806,273	\$35,695,759	\$36,617,975	37,574,876
Benefits	30,362,014	33,027,946	34,446,840	35,938,939	37,508,484	39,159,980
Purchased Services	9,157,531	9,441,414	9,734,098	10,035,855	10,346,967	10,667,723
Supplies	1,788,569	1,844,015	1,901,179	1,960,116	2,020,879	2,083,526
Other	30,976,740	31,937,019	32,927,067	33,947,806	35,000,188	36,085,193
Capital	534,317	550,881	567,958	585,565	603,717	622,433
Debt Service	6,228,097	6,421,168	6,620,224	6,825,451	7,037,040	7,255,188
<i>Subtotal</i>	111,060,071	117,170,152	121,003,640	124,989,491	129,135,250	133,448,920
School Department	102,868,674	106,057,603	109,345,389	112,735,096	116,229,884	119,833,010
Total	\$213,928,745	\$223,227,754	\$230,349,028	\$237,724,586	\$245,365,134	\$253,281,930

Source: Pawtucket budget documents, RIPEC calculations

from \$47.9 million in FY 2014 to \$55.5 million in FY 2019. Public Works Department expenditures were projected to increase the next-greatest amount, by 12.8 percent, from \$10.5 million in FY 2014 to a projected \$11.9 million in FY 2019. Executive, Planning, and Finance were expected to grow by the smallest amounts over the five years, by 10.8 percent, 11.4 percent, and 3.2 percent, respectively.

Table 33 shows Pawtucket’s budget by category. Evaluating line items by category in this forecast projects the greatest increase over the next five years to be in benefits, with a 29.0 percent increase, from \$30.4 million in FY 2014 to \$39.2 million in FY 2019. The next highest increase projected is in salaries, with a 17.4 percent projected increase, from \$32.0 million in FY 2014 to \$37.6 million in FY 2019. Purchased services, supplies, other, capital, and debt service expenditures were projected to increase by 16.5 percent, by \$1.5 million, \$294,957, \$5.1 million, \$88,116, and \$1.0 million, respectively.

School Department

Appropriations to the school department represent one of the city’s largest single line-item expenditures. Table 34 shows the impact of this line item, and how percent increases may affect Pawtucket’s overall budget.

The low forecast projects a 0.0 percent increase, forecasting \$102.9 million in school appropriations in FY 2014 through FY 2019. This leaves no impact on the budget, leaving the projected forecast at the stable \$213.9 million over five years. Alternatively, the medium forecast, using estimated CPI, forecasts a 12.0 percent (\$12.3 million) increase, from \$102.9 million in FY 2014 to a projected \$115.3 million in FY 2019. This significantly impacts the total budget for Pawtucket, resulting in a projected 53.0 percent increase (assuming no other line items increased) over the course of five years, from \$213.9 million in FY 2014 to \$329.2 million in FY 2019. Ultimately, the high forecast (using the highest assumed increase from the financial model), projects an increase of 46.9 percent (\$48.2 million) in School Department expenditures, from \$102.9 million in FY 2014 to \$151.1 million in FY 2019. This results in a 70.0 percent (\$151.1 million) increase in total expenditures (assuming no other line items increased), from \$213.9 million in FY 2014 to a projected \$365.1 million in FY 2019.

By isolating the School Department and evaluating the low, medium, and high forecasts of this line item, the city may see a range of \$151.1 million on expenditures, depending on the annual percent increase. This illustrates the impact of the School Department on the overall budget for the city of Pawtucket.

Forecast Type	% Increase	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Low (Stagnant)	0.0%	102,868,674	\$102,868,674	\$102,868,674	\$102,868,674	\$102,868,674	\$102,868,674
Expenditures Total:		213,928,745	213,928,745	213,928,745	213,928,745	213,928,745	213,928,745
Medium (CPI)	2.1%, 2.5%, 2.6%, 2.4%, 2.4%	102,868,674	105,028,916	107,549,610	110,238,350	112,773,832	115,254,857
Expenditures Total:		213,928,745	318,957,661	321,478,355	324,167,095	326,702,577	329,183,602
High (Highest Manual Increase)	8.0%	102,868,674	111,098,168	119,986,021	129,584,903	139,951,695	151,147,831
Expenditures Total:		213,928,745	325,026,913	333,914,766	343,513,648	353,880,440	365,076,576

Source: Pawtucket Budget Documents, RIPEC Calculations

VI. Labor Management

Pawtucket is currently undergoing contract negotiations with all of its bargaining units. This section outlines past agreements between the city and its employees and makes recommendations for the current negotiations. While the evaluation of labor contracts isn't the central goal of this report, this analysis provides an opportunity for improved efficiency.

The following groups are collectively bargaining with Pawtucket:

- American Federation of State, County, and Municipal Employees (AFSCME) and the AFL-CIO Local 1012, representing municipal employees. These employees occupy positions such as office staff and administration, maintenance workers, control officers, crossing guards, and janitors in each department outlined in this report's Organizational Analysis.
- R.I. Council 94, AFSCME, and the AFL-CIO Local 2960, representing professional and technical employees. These employees occupy technical positions, including accountants, municipal officers and directors, labor supervisors, police bureau assistants, and other leaders.
- Teamsters Local 251, representing the Pawtucket Water Supply Board (PWSB) employees. These employees occupy all positions in service for the PWSB, including its financial administrator, information systems manager, and technical assistant supervisor.

Public safety employees such as firefighters and police are outside the scope of this report. These categories consist of contracts between the city and unions Local 4421 and Lodge No. 4, which represent all fire and police employees. See Appendix A to view the contract history of public safety employees.

Municipal Employees

The city, AFSCME and AFL-CIO Local 1012, representing municipal employees and a portion of the Pawtucket Water Supply Board employees, last negotiated two contracts in 2006. The first contract lasted from 2006 to 2009, and the second contract lasted from 2009 and expired on June 30, 2012.

Vacation, Personal, and Sick Leave

The 2009 contract states that a normal full-time work week would be between 35 and 40 hours per week. As table 35 shows, the city agreed to vacation days for full-time employees who work five days a week. Paid vacation days ranged from five paid working days to 31 paid working days, for six months to 20 years of continuous employment, respectively. It was agreed that vacation days would not be accumulated to exceed 11 weeks. Employees with one or more years of employment would be entitled to one personal day, while employees with 10 or more years of employment would be entitled to three personal days per year. Sick leave was agreed to be granted at a rate of 1.5 working days for each full calendar month of service.

Period of Continuous Employment	Vacation Time (paid)	
	Working Days	Calendar Weeks
6 months	5	N/A
1 Year	5	1
5 Years	10	2 and 1 day
10 Years	21	4 and 1 day
15 Years	26	5 and 1 day
20 Years	31	6 and 1 day

Source: Contract between Pawtucket & RI Council 94, AFSCME, and AFL-CIO Local 1012, January 2010

Overtime, Other Payments, and Longevity

Years of Continuous Employment	Percentage Rate Increase of Base Annual Pay
5 to 9	6.0%
10 to 14	7.0%
15 to 19	8.0%
20 and over	9.0%

Source: Contract between Pawtucket & RI Council 94, AFSCME, and AFL-CIO Local 1012, January 2010

Overtime was agreed to be time and a half for every hour an employee worked over the standard workday. Additionally, it was agreed to give call-back-pay to employees who work at least four hours when called back to duty, at a rate of time and a half. Further, it was agreed that employees working out-of-grade would receive the rate of pay for the classification under which they had been working. This agreement took into account employees working at lower classifications, indicating that employees would be entitled to the pay rate of their previous classification. As table 36 illustrates, a longevity payment was also agreed upon. Employees would be ineligible for longevity

payments during the first four years of continuous employment, but after five years of employment, they would be eligible to a 6.0 percent rate increase in base annual pay, increasing by 1.0 percent in increments of five years to 9.0 percent after 20 years of continuous employment.

Tuition-Reimbursement Program

The contract stated that employees would be eligible for a tuition-reimbursement program worth \$10,000 total per fiscal year, not cumulative, at an accredited university in the area.

Health Insurance

Additionally, the city agreed to pay the cost of the employees’ medical and dental insurance for individual and family coverage. As table 37 shows, the two parties agreed that individually-covered employees would be required to co-pay \$15.38, and employees with family coverage would be required to co-pay \$30.77 per week for medical coverage.⁶ Office visit co-pays were agreed to be \$15.00, and specialist co-pays \$25.00. This plan included a \$100.00 emergency room (ER) co-pay and a Prescription Drug Program identical to the Professional and Technical Employees and PWSB Employees. The program included co-pays of \$7.00 for generic drugs, \$25.00 for preferred drugs, and \$40.00 for non-formulary drugs.

	Weekly	Office Visits	Specialist Visits	Emergency Room	Prescription Drug Program		
					Generic	Preferred	Non-Formulary
Individual Plan	\$15.38	\$15.00	\$25.00	\$100.00	\$7.00	\$25.00	\$40.00
Family Plan	\$30.77	\$15.00	\$25.00	\$100.00	\$7.00	\$25.00	\$40.00

Source: Contract between Pawtucket & RI Council 94, AFSCME, and AFL-CIO Local 1012, January 2010

Retirement and Life Insurance

⁶ If two employees of the city were married, the city agreed to pay for family coverage for one employee and individual coverage for another.

Finally, the city also agreed to medical coverage for life when employees reach the age of 65 and retire. The agreement states that employees hired prior to January 1, 2010 would not be required to pay co-pays, while employees hired after that date would be required to pay the same co-pay rate as active employees when they retire. It was also agreed that employees represented in the collective bargaining agreement be participants in the R.I. Municipal Employees' Retirement System (MERS). All employees and their representative unions within the scope of this report fall under the MERS retirement plan. This includes a "Plan C" Cost of Living Adjustment (COLA) provision in the pension program, with a 7.0 percent employee contribution, and a \$30,000 life insurance policy secured by the city. The MERS benefits are expected to be maintained throughout the current collective bargaining process. Fire and police, the two employee groups that fall outside the scope of this report have unique pension plans that are currently being evaluated and are subject to change.

Professional and Technical Employees

The city and the AFSCME and AFL-CIO Local 3960, representing professional and technical employees, last negotiated a contract in 2008. The contract started in 2009 and expired on June 30, 2012.

Vacation and Sick Leave

The contract states that a normal work week would be between 35 and 40 hours per week. As table 38 shows, it was agreed that employees would be entitled to vacation time for years of service, ranging from employees of six months receiving five working days of paid vacation, to employees of 20 years receiving 31 days of paid vacation. It was also agreed that employees with one or more years of continuous employment would be entitled to one personal day, while employees with 10 or more years of employment would be entitled to three personal days per year. Sick leave was agreed to be granted at a rate of 1.5 working days for each full calendar month of service, not to be used until employees reached six months of service.

Period of Continuous Employment	Vacation Time (paid)
	Working Days
6 months	5
1 Year	10
5 Years	16
10 Years	21
15 Years	26
20 Years	31

Source: Contract between Pawtucket & RI Council 94, AFSCME, and AFL-CIO Local 3960, February 2010

Out-of-Grade Payments, Longevity, and Furlough Days

Years of Continuous Employment	Percentage Rate Increase of Base Annual Pay
5 to 9	7.0%
10 to 14	8.0%
15 to 19	9.0%
20 and over	10.0%

Source: Contract between Pawtucket & RI Council 94, AFSCME, and AFL-CIO Local 3960, February 2010

As with municipal workers, it was agreed that employees who work out-of-grade would receive the rate of pay for the classification under which they are working. This agreement took into account employees working at lower classifications; it indicates an employee's eligibility to receive the pay rate of their previous classification. Additionally, the city agreed that employees would be eligible for longevity pay after five years of service, ranging from 7.0 percent for five to nine years of continuous employment, to 10 percent for twenty years and over, as table 39 illustrates. The city and union agreed to the existence of 12 furlough days throughout the year with employee reimbursement.

Tuition-Reimbursement Program

Additionally, the contract states that employees would be eligible for a tuition-reimbursement program, to be funded annually at the rate of \$3,000 per fiscal year.

Health Insurance

Further, the city agreed to pay the cost of the employees’ medical and dental insurance for individual and family coverage. It was agreed that all bargaining unit members would co-pay for medical coverage at \$15.38 weekly for an individual plan and \$30.77 weekly for a family plan, as table 40 shows.⁷ Office visit co-pays were agreed to be \$15.00, and specialist co-pays \$25.00. It was agreed the plan would include a \$100.00 emergency room (ER) co-pay and a Prescription Drug Program identical to that of the municipal employees.

	Weekly	Office Visits	Specialist Visits	Emergency Room	Prescription Drug Program		
					Generic	Preferred	Non-Formulary
Individual Plan	\$15.38	\$15.00	\$25.00	\$100.00	\$7.00	\$25.00	\$40.00
Family Plan	\$30.77	\$15.00	\$25.00	\$100.00	\$7.00	\$25.00	\$40.00

Source: Contract between Pawtucket & RI Council 94, AFSCME, and AFL-CIO Local 3960, February 2010

Retirement and Life Insurance

The contract states that professional and technical worker retirees with 30 years of service or who would be over the age of 65 would be eligible for medical coverage without co-pays. Also, as with the municipal employees, retired or current, the city agreed that employees be part of the MERS of Rhode Island, where they are eligible for a “Plan C” COLA and \$30,000 of life insurance coverage.

Pawtucket Water Supply Board Employees

A portion of the Pawtucket Water Supply Board (PWSB) employees and the Teamsters Local 251, representing PWSB employees, last negotiated a contract in 2009 that lasted through July 1, 2012. As of April 2014, 10 PWSB employees were represented by the Teamsters Local 251, 31 employees were represented by the aforementioned Local 1012 union, and 4 employees total were Classified Non-Union or Unclassified.

Vacation and Sick Leave

The contract states that a normal work week would be 40 hours per week, with two 15-minute breaks and one-30 minute meal period daily. As table 41 shows, it was also agreed that employees would be eligible for vacation days after continuous employment. As with municipal employees and professional and technical employees, continuous employment ranging from six months to 20 years would entail corresponding vacation days, ranging from five to 31 paid working days of vacation per year. The city and union also agreed that employees would earn 1.5 sick days per each calendar month and four personal days per year, respectively.

Period of Continuous Employment	Vacation Time (paid)
	Working Days
6 months	5
1 Year	10
5 Years	16
10 Years	21
15 Years	26
20 Years	31

Source: Contract between the PWSB & Teamsters Local 251, April 2010

⁷ If two employees of the city were married, the city agreed to pay for family coverage for one employee and individual coverage for another.

Overtime, Out-of-Grade-Pay, and Longevity

According to the contract, employees would be paid overtime for any hours worked in excess of 40 hours per week at a rate of 1.5 times their regular hourly pay. Additionally, as table 42 indicates, it was agreed that employees would be eligible for out-of-grade payments at a higher classification if they worked a minimum of eight hours at the corresponding post. The city also agreed to pay the PSWB workers longevity. The percentage rate increase of base payments varies from the municipal and professional and technical employees, ranging from a rate of 6.5 percent for five to nine years of service, to a maximum of 9.5 percent for 20 or more years of service.

Years of Continuous Employment	Percentage Rate Increase of Base Annual Pay
5 to 9	6.5%
10 to 14	7.5%
15 to 19	8.5%
20 and over	9.5%

Source: Contract between Pawtucket & the PWSB and Teamsters Local 251, April 2010

Health Insurance

The city agreed to pay the cost of the employees’ medical and dental insurance for individual and family coverage.⁸ As table 43 illustrates, the two parties agreed that individually-covered employees would be required to co-pay \$15.38, and employees with family coverage would be required to co-pay \$30.77 per week for medical coverage. Office visit co-pays were agreed to be \$15.00, and specialist co-pays \$25.00. It was agreed that the plan would include a \$100.00 emergency room (ER) co-pay and a Prescription Drug Program identical to that of the municipal employees and professional and technical employees.

	Weekly	Office Visits	Specialist Visits	Emergency Room	Prescription Drug Program		
					Generic	Preferred	Non-Formulary
Individual Plan	\$15.38	\$15.00	\$25.00	\$100.00	\$7.00	\$25.00	\$40.00
Family Plan	\$30.77	\$15.00	\$25.00	\$100.00	\$7.00	\$25.00	\$40.00

Source: Contract between Pawtucket & PSWB and Teamsters Local 251, April 2010

Retirement and Life Insurance

Employees retiring after 30 years of work or who would be between the ages of 62 and 65 and had been continuously employed by the PSWB for a minimum of 10 years would be eligible to receive the above medical coverage at the time of retirement. It was agreed that employees hired after February 1, 2010, would be expected to pay co-pays at the same rate as active employees when they retired. According to the contract, it was also agreed that employees would be eligible to participate in the Rhode Island MERS with a “Plan C” COLA and Group Life Insurance Plan, including \$30,000 of life insurance.

Areas for Consideration

As the city and collective bargaining units negotiate, RIPEC has identified three areas the city should examine for contract negotiations: health benefits, authorized paid leave, and other compensatory benefits, including overtime, longevity, and pensions.

⁸ If two employees of the city were married, the city agreed to pay for family coverage for one employee and individual coverage for another.

Health Benefits

One of the primary budget drivers is personnel costs, which are primarily driven by employee benefits, such as health care. Growth in health insurance costs in particular is projected to outpace growth in most other areas and will put increased pressure on the city in the future. As Pawtucket moves forward in collective bargaining negotiations, the city should consider the following questions:

- Does the current health care plan and benefit structure adequately cover employees?
- Is the current benefit structure sustainable by the city over time?
- How does the current benefit structure compare to other municipalities in Rhode Island?

Table 44 compares health insurance coverage in previous Pawtucket contracts with 10 urban cities in Rhode Island. For cost-sharing, Pawtucket requires a weekly co-pay, which is a flat rate of \$15.38 for individuals and \$30.77 for families—lower than Providence and East Providence, at \$1,000.00 for individuals/ \$300.00 for families weekly and \$20.00 for an individual/\$40.00 for families weekly. Pawtucket’s weekly co-pays are higher than the other two cities that require flat weekly deductibles: Warwick (\$15.00 for individuals and \$28.00 for families) and North Providence (\$15.00 bi-weekly and \$30.00 bi-weekly).

Pawtucket could look to other urban cities for a cost-savings alternative to its flat rate health care deductibles. Half of Rhode Island’s urban cities base weekly employee health care co-pays on a percentage of the premium, with the cost rising as the premium rises. Central Falls has the highest weekly deductible (20.0 percent for both individual and family), followed by Cranston (20.0 percent for both), West Warwick (13.0 percent and 16.0 percent), and Woonsocket (15.0 percent for both). Pawtucket could consider basing their weekly employee health care deductibles on a percentage, rather than a flat rate, thereby accounting for rising premiums with proportionate deductibles.

Pawtucket’s medical office (primary care), emergency room and specialist deductibles, at \$15.00, \$100.00, and \$25.00, are similar to most of the urban cities in Rhode Island. Central Falls requires employees to pay the highest co-payments for medical office/primary care, emergency room, and specialist visits, at \$20.00, \$150.00, and \$30.00, respectively. All city deductibles for specialist and primary care are within a \$5.00 range of Pawtucket’s \$15.00 and \$25.00 fee, respectively. However, emergency deductibles vary, with Cranston, Providence and North Providence requiring \$100.00 co-payments, and East Providence and Newport requiring co-payments of \$50.00 and \$75.00, respectively. Pawtucket could review its deductible policy and evaluate employee behavior in relation to deductibles. For example, raising the cost of emergency room deductibles could de-incentivize emergency care.

Additionally, Pawtucket could also review its insurance policy with its insurer, Blue Cross Blue Shield of Rhode Island (BCBSRI), at no cost. This study could look at data on Pawtucket’s actual health care usage and potential for increased efficiency and cost savings with improved employee health. Also, the city could consider implementing a wellness program to incentivize employee health maintenance percentage of the premium, with the cost rising as the premium rises.

Table 44
Health Insurance Comparison for Municipal Employees, Urban R.I. Cities

City	Expiration	Weekly Co-pays		Deductibles				Dental Coverage?	Retirement Coverage?
		Individual	Family	Medical Office	Emergency Room	Specialist	Prescription Drug Program		
Central Falls	2016	For Individual & Family: 20% of the premium		\$20.00	\$150.00	\$30.00	None	Yes	Yes - only individual
Cranston	2012	For Individual & Family - If hired before July 1995: 15% through 2015; if hired after July 1995: 20%		\$15.00	\$100.00	\$15.00	\$7.00/\$15.00/\$40.00	Yes	No
East Providence	2012	For Individual & Family - If hired before Nov. 2008, \$20 per week; if hired on or after Nov. 2011, \$40 per week		\$15.00	\$50.00		20%/ 25% / 30%	Yes	Yes - until eligible for Medicare
Newport	2009	For Individual & Family: 100/80 variation; \$250.00 deductible		\$15.00	\$75.00	\$25.00	80/20 coverage with a \$600 annual cap per person	Yes	Yes - same terms as active employees
North Providence	2011	\$15.00 bi-weekly	\$30.00 bi-weekly	\$15.00	\$100.00	\$25.00 with a cap of \$100 (individual) and \$300 (family)	None Listed	Yes	Yes - 36 months of coverage for those with 18 years of service upon retirement, if ineligible for Medicare
Pawtucket	2012	\$15.38	\$30.77	\$15.00	\$100.00	\$25.00	\$7.00/\$25.00/\$40.00	Yes	Yes - same terms as active employees
Providence	2015	\$100.00 (maximum of \$1,000)	\$300.00 (maximum of \$3,000.00)	\$15.00	\$100.00	\$15.00	\$1.72 contribution by city to RI Public Employee's Union Benefit Trust Fund, a portion of which goes to a Prescription Drug Program	Yes	Yes - after 10 years of service, if ineligible for Medicare or other health care
Warwick	2012	\$15.00	\$28.00	None	\$100.00	None	\$300 cap (Individual), \$600 cap (Family)	Yes	Yes - after 10 years of service if insurance of equal or better value is unavailable, under same terms as active employees
West Warwick	2013	Income less than \$47,500: 13% weekly (capped) Income less than \$47,500: 16% weekly (capped)		None	None	Yes	None	Yes	Yes - if no alternative is available, no co-pays for retirees before June 2011; for later retirees, same expenses as active employees
Woonsocket	2012	15%	15%	None	None	None	None	Yes	Yes - 1% co-pay for those hired after July 1, 1995; 15% co-pay for those hired after July 1, 2010

Source: R.I. Division of Municipal Finance; Municipal Web sites

All of the urban cities provide coverage that includes dental care, in addition to medical care. Additionally, retirees of all urban cities receive some type of health coverage, with most cities transferring retirees to Medicare when possible. Newport offers the shortest period of health care coverage for retirees, at 36 months or shorter, which is when the retiree finds an alternative health care plan or qualifies for Medicare. Eligible retirees in North Providence must also have been continuously employed by the city for 18 years – the longest amount of time required of any of the cities to receive health benefits during retirement. Providence and Warwick are the other municipalities that require a minimum amount of service (10 years) to receive benefits, on the condition that no other insurance of equal or better value is available. Like Warwick and Newport, Pawtucket could consider imposing a minimum amount of employment time in order to receive benefits. Pawtucket could also consider transitioning members who are eligible for Medicare, as East Providence, North Providence, Providence, and Warwick require.

Other Benefits: Authorized Paid Leave

Other employee benefits, such as authorized paid leave, also factor into rising personnel costs. Authorized paid leave consists of paid vacation days, sick leave, personal leave, and bereavement leave. As the city collectively bargains, it should consider the following:

- Does the current authorized paid leave structure adequately cover employees?
- Are the paid leaves appropriate and sustainable for the city over time?
- How does Pawtucket’s authorized paid leave compare to other cities in Rhode Island?

Vacation days represent a significant portion of authorized paid leave. Table 45 shows employee eligibility for vacation days for the 10 urban cities in Rhode Island. The average eligibility for paid vacation days ranges from six months to 20 or more years of employment, with paid vacation days ranging from one to 24 days.

Pawtucket’s municipal employees’ eligibility for paid vacation days ranges from six months to 20 or more years of continuous employment, with paid vacation days ranging from five to 31 days. As table 45 shows, once the city’s municipal employees were continuously employed beyond 15 years, their vacation time exceeded the urban city average, ranging from four paid vacation days above the average after 15 years, to seven paid vacation days above the average after 20 years. Additionally, while Pawtucket offered its employees the least amount of vacation for the first 10 years in comparison to other cities, the city offered its employees the highest maximum of paid vacation days in comparison to all urban cities, above Warwick and Woonsocket’s offer of 28 paid vacation days for 20 and 28 years of service, respectively.

Alternatively, Newport’s municipal employees have the fewest vacation days, from 7.3 days of paid vacation after one year, to 13.6 days of paid vacation after 20 or more years. Because Newport’s employees accumulate vacation hours, their total amount of vacation time is not in full-day increments. Pawtucket could review its vacation policy, especially regarding vacation days for employees with 20 or more years of continuous employment.

Table 45
Paid Vacation Days for Municipal Employees - Urban Cities in Rhode Island

Time Continuously Employed	Central Falls	Cranston	East Providence	Newport	North Providence	Pawtucket	Providence	Warwick	West Warwick	Woonsocket	Average
<i>Contract Expiration</i>	<i>2016</i>	<i>2012</i>	<i>2012</i>	<i>2009</i>	<i>2011</i>	<i>2012</i>	<i>2015</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	
6 Months	0	0	0	0	5	5	5	0	0	0	2
1 Year	10	10	10	7.3	10	5	10	12	10	12	10
2 Years	10	12	10	7.3	10	5	10	12	10	12	10
3 Years	10	16	15	7.3	10	5	10	12	15	12	11
4 Years	10	16	15	7.3	10	5	10	12	15	12	11
5 Years	15	19	15	8.3	15	10	15	18	15	12	14
6 years	15	19	15	8.3	15	10	15	18	15	13	14
7 Years	15	19	15	8.3	15	10	15	18	15	14	14
8 Years	15	19	15	8.3	15	10	15	18	15	16	15
9 Years	15	19	15	8.3	15	10	15	18	15	16	15
10 Years	18	24	20	9.5	22	21	20	18	15	17	18
11 Years	18	24	20	9.5	22	21	20	21	15	17	19
12 Years	18	24	20	9.5	22	21	20	21	20	18	19
13 Years	18	24	20	9.5	22	21	20	21	20	18	19
14 Years	18	24	20	9.5	22	21	20	21	20	18	19
15 Years	20	24	25	11.6	22	26	25	21	20	18	21
16 Years	20	24	25	11.6	22	26	25	24	20	20	22
17 Years	20	24	25	11.6	22	26	25	24	20	20	22
18 Years	20	24	25	11.6	22	26	25	24	20	21	22
19 Years	20	24	25	11.6	22	26	25	24	20	21	22
20 Years	20	25	25	13.6	22	31	25	28	25	22	24
21 Years	20	25	25	13.6	22	31	25	28	25	22	24
22 Years	20	25	25	13.6	22	31	25	28	25	22	24
23 Years	20	25	25	13.6	22	31	25	28	25	22	24
24 Years	20	25	25	13.6	22	31	25	28	25	22	24
24 Years	20	25	25	13.6	22	31	25	28	25	22	24
25 Years	20	25	25	13.6	22	31	25	28	25	22	24
26 Years	20	25	25	13.6	22	31	25	28	25	22	24
27 Years	20	25	25	13.6	22	31	25	28	25	22	24
28+ Years	20	25	25	13.6	22	31	25	28	25	28	24

Source: R.I. Division of Municipal Finance, Municipal Web sites

Average maximum vacation = 24 days

Other Benefits: Longevity

In addition to authorized paid leave, longevity payments represent a significant portion of personnel payments, as employees are paid in the form of a percentage of their annual base salary, based on time continuously employed by the city. Table 46 shows longevity payments after continuous employment for municipal employees in the 10 urban Rhode Island cities. The average payments range from 0.4 percent after three years of continuous employment to 7.9 percent after 28 or more years of city employment.

Pawtucket's longevity payments ranged from 6.0 percent of an employee's annual base salary after five years of continuous employment to 9.0 percent after 20 or more years of continuous employment. According to past contract agreements, Pawtucket's longevity payments were consistently higher than the average. Pawtucket's longevity payments ranging from five years of employment to 20 and 25 or more years of employment were higher than the urban city average, ranging from 3.0 percentage points higher than average (6.0 percent compared to 3.3 percent) to about 2.0 percentage points higher than average (9.0 percent compared to 7.9 percent).

Of these contracts for urban Rhode Island cities, Newport consistently pays the least in longevity. The city agreed to spend about 2.0 percentage points less than the state average (1.25 percent longevity compared to 3.8 percent) for both five or more years of continuous employment and 20 years of employment (6.5 percent compared to 8.9 percent). After 5 years and 20 years of employment, Newport pays over 4.0 percentage points less than Pawtucket—1.25 percent compared to 6.0 percent and 5.25 percent compared to 9.0 percent, respectively. Pawtucket could review its longevity policy in comparison to the state average.

Table 46
Longevity for Municipal Employees - Urban Cities in Rhode Island

Time Continuously Employed	Central Falls	Cranston	East Providence	Newport	North Providence	Pawtucket	Providence	Warwick	West Warwick	Woonsocket	Percent Average (Not Including Central Falls)
<i>Contract Expiration</i>	2016	2012	2012	2009	2011	2012	2015	2012	2013	2012	
3 Years	\$0.0	0.0%	0.0%	0.75%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%
4 Years	\$1,500	5.0%	0.0%	1.0%	3.0%	0.0%	0.0%	5.0%	5.0%	0.0%	2.1%
5 Years	\$1,500	5.0%	6.0%	1.25%	3.0%	6.0%	0.00%	5.0%	5.0%	3.0%	3.8%
6 years	\$1,500	6.0%	6.0%	1.5%	3.0%	6.0%	4.0%	5.0%	5.0%	3.0%	4.4%
7 Years	\$1,500	6.0%	6.0%	1.75%	3.0%	6.0%	4.0%	5.0%	5.0%	3.0%	4.4%
8 Years	\$1,500	6.0%	6.0%	2.0%	9.0%	6.0%	4.0% or 3.0% (hired later)	6.5%	6.5%	3.0%	5.6%
9 Years	\$2,000	6.0%	6.0%	2.25%	9.0%	6.0%	4.0% or 3.0% (hired later)	6.5%	6.5%	3.0%	5.7%
10 Years	\$2,000	6.0%	7.0%	2.5%	9.0%	7.0%	4.0% or 3.0% (hired later)	6.5%	6.5%	3.5%	6.0%
11 Years	\$2,000	6.0%	7.0%	3.0%	9.0%	7.0%	5.0% or 3.0% (hired later)	6.5%	6.5%	3.5%	6.1%
12 Years	\$2,000	7.0%	7.0%	3.25%	9.0%	7.0%	5.0% or 3.0% (hired later)	7.5%	7.5%	3.5%	6.5%
13 Years	\$2,000	7.0%	7.0%	3.50%	9.0%	7.0%	5.0% or 4.0% (hired later)	7.5%	7.5%	3.5%	6.5%
14 Years	\$2,000	7.0%	7.0%	3.75%	9.0%	7.0%	5.0% or 4.0% (hired later)	7.5%	7.5%	3.5%	6.5%
15 Years	\$2,500	7.0%	8.0%	4.00%	11.0%	8.0%	5.0% or 4.0% (hired later)	7.5%	7.5%	4.0%	7.1%
16 Years	\$2,500	7.0%	8.0%	4.25%	11.0%	8.0%	6.0% or 4.0% (hired later)	9.5%	9.5%	4.0%	7.7%
17 Years	\$2,500	8.0%	8.0%	4.5%	11.0%	8.0%	6.0% or 4.0% (hired later)	9.5%	9.5%	4.0%	7.8%
18 Years	\$2,500	8.0%	8.0%	4.75%	11.0%	8.0%	6.0% or 5.0% (hired later)	9.5%	9.5%	4.0%	7.8%
19 Years	\$2,500	8.0%	8.0%	5.0%	11.0%	8.0%	6.0% or 5.0% (hired later)	9.5%	9.5%	4.0%	7.9%
20 Years	\$3,000	8.0%	9.0%	5.25%	11.0%	9.0%	6.0% or 5.0% (hired later)	11.5%	11.5%	4.5%	8.7%
21 Years	\$3,000	8.0%	9.0%	5.50%	11.0%	9.0%	7.0% or 6.0% (hired later)	11.5%	11.5%	4.5%	8.8%
22 Years	\$3,000	8.0%	9.0%	5.58%	11.0%	9.0%	7.0% or 6.0% (hired later)	11.5%	11.5%	4.5%	8.8%
23 Years	\$3,000	8.0%	9.0%	6.0%	11.0%	9.0%	7.0% or 6.0% (hired later)	11.5%	11.5%	4.5%	8.8%
24 Years	\$3,000	8.0%	9.0%	6.25%	11.0%	9.0%	7.0% or 6.0% (hired later)	11.5%	11.5%	4.5%	8.8%
25+ Years	\$3,000	8.0%	9.0%	6.50%	11.0%	9.0%	7.0% or 6.0% (hired later)	11.5%	11.5%	5.0%	8.9%

Source: R.I. Division of Municipal Finance, municipal web sites

Other Benefits: Overtime, Call-Back Pay, Out-of-Grade Pay

In addition to authorized paid leave and longevity, other benefits largely contribute to personnel spending. As with the other sections, the city should consider if its benefits structure is adequate, efficient, and sustainable. Table 47 shows the following benefits for Rhode Island’s 10 urban municipalities:

- Overtime, which is the rate of pay for every hour over the standard work week;
- Call-back pay, which is the rate of pay for every hour an employee is called back to work; and
- Out-of-grade pay, which is the rate of pay for an employee working at a different classification and pay grade than their assigned pay grade.

Pawtucket’s overtime rate of time and a half for every hour over the standard work week is consistent with the other 10 urban cities. Additionally, Pawtucket’s call-back pay involves employees receiving pay at the same rate, which is consistent with eight of the 10 urban cities. Central Falls, East Providence, and Providence were the only urban cities that did not guarantee call-back pay in their past contracts with municipal workers. Finally, Pawtucket’s out-of-grade pay is similar to the majority of urban cities in Rhode Island—most cities agreed to guarantee workers the pay grade of the higher classified position they were either working or hired to work. Only East Providence, Warwick, and Woonsocket did not offer out-of-grade pay.

	Date of Contract Expiration	Overtime Rate	Call-Back-Pay	Out-of-Grade-Pay
Central Falls	2016	Time and a half for every hour over standard work week	None listed	Yes - Paid at rate of higher classification
Cranston	2012	Time and a half for every hour over standard work week	Time and a half for every hour over standard work week - minimum 3 hours' work	Yes - Paid at rate of higher classification
East Providence	2012	Time and a half for every hour over standard work week	None	None
Newport	2009	Time and a half for every hour over standard work week	Time and a half for every hour over standard work week - minimum 3 hours' work	Yes - Paid at rate of higher classification
North Providence	2011	Time and a half for every hour over standard work week	Time and a half for every hour over standard work week - minimum 3 hours' work	Yes - Paid at rate of higher classification
Pawtucket	2012	Time and a half for every hour over standard work week	Time and a half for every hour over standard work week - minimum 3 hours' work	Yes - Paid at rate of higher classification
Providence	2015 - Vacation days not listed	Time and a half for every hour over standard work week	None	Yes - Paid at rate of higher classification only if there is a vacancy in that classification
Warwick	2012	Time and a half for every hour over standard work week	Time and a half for every hour over standard work week - minimum 4 hours' work	None
West Warwick	2013	Time and a half for every hour over standard work week	Time and a half for every hour over standard work week - minimum 4 hours' work	Yes - Paid at rate of higher classification
Woonsocket	2012	Time and a half for every hour over standard work week	Time and a half for every hour over standard work week - minimum 4 hours' work	None

Source: R.I. Division of Municipal Finance; Municipal Web sites

Other Benefits: Life Insurance and Pensions

Lastly, benefits such as life insurance and pensions compose a significant portion of personnel spending. Table 48 shows the following benefits for each of the 10 urban cities in Rhode Island:

- Life Insurance, which is money offered to families or dependents of an employee if an employee dies; and
- Pensions, which are annual payments distributed to employees upon retirement. Pension contributions, over time, are often matched by the employer and offer a significant stream of income throughout a former employee’s retirement.

Although the Fire and Police departments are preparing for changes in their pension, Pawtucket is not expected to change its pension plans for municipal workers. As with seven of the 10 municipalities, Pawtucket’s employees contribute 7.0 percent of their salary (pre-tax) to the Rhode Island Municipal Employee’s Retirement Plan (MERS). As table 48 shows, Providence, Warwick and West Warwick are the urban municipalities to have their own municipal retirement systems. Providence has union-based pension plans: the LIUNA National Industrial Pension fund (with a \$1.04 hourly employee contribution), and the Rhode Island Public Employee’s Benefit

Fund (with a \$1.72 hourly employee contribution). The plans for Warwick and West Warwick consist of: the Warwick Retirement System (with an 8.0 percent employee contribution), and the Town of West Warwick Pension Plan (which accrues 2.5 percent of an employee’s pre-tax salary each year). Pawtucket could continue its use of MERS for its pension, as it is fiscally solvent. However, the city must also resolve its public safety pension process.

	Date of Contract Expiration	Life Insurance		Pension Plan
		Active	Retired	
Central Falls	2016	None		RI Municipal Employee's Retirement Plan (MERS) - (5-7 % contribution for all)
Cranston	2012	\$80,000	\$80,000 at expense of individual	MERS
East Providence	2012	\$40,000 when active	\$7,500 when retired	MERS
Newport	2009	\$50,000 after 2 years of service		MERS
North Providence	2011	\$30,000	Individual policy of \$30,000 at expense of individual (standard rates)	MERS
Pawtucket	2012	\$30,000		MERS
Providence	2015 - Vacation days not listed	None - Union handles		LIUNA National (Industrial) Pension Fund (\$1.04 contribution per hour) and R.I. Public Employees' Benefit Fund (\$1.72 contribution per hour)
Warwick	2012	\$16,000	Individual policy of \$16,000 at expense of individual (standard rates)	Warwick Retirement System (8% employee contribution; city matches)
West Warwick	2013	Survival Pension and Benefits (100% awarded to employee and 67.5% awarded to surviving annuitant with no reduction in retirement benefits)		Town of West Warwick Pension Plan (2.5% accrual per year)
Woonsocket	2012	\$40,000		MERS (7% contribution) - must serve 10 years

Source: R.I. Division of Municipal Finance; Municipal Web sites

VII. Best Practices

The city of Pawtucket’s recent success in creating enhanced governmental efficiencies suggests that it should continue to build upon existing momentum by seeking additional efficiency-related reform opportunities. In an effort to assist municipalities with their interest in lowering costs and increasing efficiencies, various state and national research centers and associations such as the National League of Cities, Government Finance Officers Association, National Association of Counties, U.S. Conference of Mayors, and the National Governors’ Association; and academic research institutions such as the Harvard Kennedy School’s Ash Center for Democratic Governance and Innovation, have compiled research and case studies on municipal governance best practices. RIPEC’s review of this research suggests that four particular areas of governance and policy should be analyzed for comparative performance in Pawtucket relative to municipal peers regionally and nationally.

These four areas include:

- Shared Services;
- Measuring Service Delivery (Baldrige Performance Measurement Systems);
- Economic Development; and
- Priority-based Budgeting.

The following sections define these categories and provide insight into examples of particularly successful provision of these four services.

Shared Services

Shared services refers to a practice in which municipalities increase efficiencies and lower costs by sharing specific governmental functions either across agencies, within municipalities, or across municipalities. While Pawtucket has previously made progress sharing governmental services (see “Mergers and Consolidations”), this section specifically focuses on best practices in shared services for public safety dispatch and IT/Electronic-government (E-government).

Public Safety Dispatch

Public safety dispatch centers are often organized by town in many Northeastern cities, allowing for a high amount of local control, but lower efficiency. Shared public safety dispatch centers, composed of multiple communities, allow for increased manpower and shared services (culminating in service delivery efficiencies). This section analyzes the recent establishment of public safety dispatch centers in the Northeast. Due to their relatively close geographic proximity to Pawtucket, RIPEC chose to analyze two public safety consolidation initiatives in Massachusetts—one on Massachusetts’ South Shore, and another in Essex County.

Background on the Commonwealth’s Shared Services Grants

The South Shore and Essex County public safety consolidation initiatives make use of the state of Massachusetts’ grants that incentivize shared services. The Deval Patrick administration has proven effective creating legislation that encourages increased shared services within the Commonwealth, especially during the Great Recession.

To clarify, the State of Massachusetts has adopted three grant measures in the last decade aimed to increase shared services:

- District Local Technical Assistance;
- Community Innovation Challenge Grants; and
- State 911 Department Grants.

District Local Technical Assistance (DLTA) allocates money from the Commonwealth's budget to 13 regional planning agencies focused on (1) planning, sustainable development, and preservation, and (2) regional service delivery. This funding enables communities to conduct feasibility studies, create implementation plans, and develop governance structures. Additionally, the multi-million dollar competitive Community Innovation Challenge grants were developed in 2011 by Governor Deval Patrick to assist communities with politically viable shared service proposals, especially those concerning regional school districts and regional planning agencies.

In addition, the State 911 Department Grants, which both the South Shore and Essex County public safety consolidation initiatives have used, were created in 2008 by state legislation. The aim of the law was to: (1) create a single surcharge to be assessed on wire line, wireless, and other telephone users; and (2) fund competitive state grants intended to promote development of regional public safety answering points and regional emergency communications centers.

Public Safety Dispatch: South Shore

In 2009, Massachusetts' towns of Hingham, Norwell, Hull and Cohasset signed an inter-municipal agreement to form the South Shore Regional Dispatch Center, a regional public safety dispatch center. In 2011, the towns' respective public safety staff moved into the \$6.2 million center, which was financed by town contributions and assisted by \$5.0 million in state grants created to incentivize shared services.

When the Commonwealth of Massachusetts awards grants to municipalities for joint projects such as this, total maintenance costs are not exclusively a factor of overall operating costs. The state offers two grants, one for maintenance and support, and one for training, while each town contributes an amount toward the total, based on the funding formula agreed upon in their inter-municipal agreement. This formula is based on two factors, each composing half of the total: total town population and call volume. For example, for the town of Hingham, the formula meant paying a total of \$1.6 million in 2012.

While an initial review suggests that savings have yet to materialize (each city reports spending the same or slightly more),⁹ involved officials suggest that the center has been able to provide a higher level of service than the municipalities would be able to provide individually. For example, the provision of commonwealth resources, through the \$5.0 million grant, allowed the center to buy equipment such as laptops for police officers, communication equipment for all safety personnel, and Queueus Enforth Development, Inc. (QED) software that tracks all incoming calls and records statistics. Additionally, stakeholders have suggested that centralizing services has led to better integration with area hospitals and other towns — services the town's

⁹ Bartlett, Jessica. "Jury is Out on Dispatch Center." *The Boston Globe*, February 24, 2013.

individual offices had been mandated to provide before, but did not have the manpower or technology to achieve.

Public Safety Dispatch: Essex County

Essex County’s regional dispatch center opened on June 4, 2013, combining the public safety functions of the towns of Topsfield, Amesbury, Beverly, and Middletown, Massachusetts. The \$12.0 million facility composed of state grants and town contributions involved the creation of a new records management system and new data sharing methods. While the dispatch center is centralized, six of the previously existing stations still operate.

Because of its recent merger, officials are awaiting concrete results regarding the cost- and service-delivery effectiveness of the Essex County regional dispatch center. However, stakeholders have reported examples of ways in which the regional center has produced functional results. For example, one of the main issues officers previously encountered was leaving certain stations unstaffed at night. Now, officers post vestibules outside of all six municipal stations, allowing distressed individuals to contact the main dispatch center when the station is unstaffed. Currently, of the six stations previously in existence, only four remain unstaffed at night.

IT/E-government: Connecticut

In early 2010, eight of Connecticut’s municipalities decided to streamline their respective permitting processes by creating a single online portal dedicated to serving all five counties. The push to regionalize permitting came from the Connecticut Regional E-Government Initiative (CREGI), a program sponsored by the Capitol Region Council of Governments to promote efficient, customer-friendly approaches to technology. Funding from a 2008 grant from the Connecticut Office and Policy Management served as a catalyst for the Regional Online Permitting System, resulting in a Request for Information and Request for Proposal process to contract with ViewPermit GIS. The system has ultimately provided the first all-inclusive, 24-hour, seven-day-a-week permitting system in Connecticut. Regionalizing such a system became a priority because of the increased manpower and large-scale, modern infrastructure that could enable the processing of permits in a time-efficient manner.

Town Size (in thousands)	Cost
< 10	\$28,000
10 to 25	38,000
25 to 40	43,000
40 to 60	49,450

Source: CREGI Web site

As table 49 shows, any town may continue to join Connecticut’s Regional Online Permitting System, which is operated by the vendor ViewPermit GIS. Additionally, the system is hosted on a cloud network, making it possible for inspections to be done “in the field” on a tablet or mobile device. The system also features special pricing for municipalities based on size and whether the system is hosted outside of the town or within their servers. The cost for front end/back end application ranges from \$28,000 for municipalities with less than 10,000 people, to \$49,450 for towns with 40,000 to 60,000 people. Other costs cover custom programming, support and maintenance, data migration, pilot team training, and end-user training.

The CREGI program has grown since 2010. Table 50 shows the original eight municipalities that joined the program in 2010, as well as the additional nine municipalities that joined by 2013. In order to gain a consistency enabling large-scale online permitting through the Regional Online Permitting System, municipalities must be willing to forgo a relative amount of local control. Any municipality in Connecticut may join, and more continue to do so, for the speed, efficiency, and flexibility allowed by online permitting.

2010	2013
Bolton	Madison
Coventry	Milford
East Hartford	New Britain
Glastonbury	New Haven
Manchester	North Haven
Newington	Southington
Simsbury	Stamford
Wethersfield	Tolland
	Waterford

Source: CREGI Web site

Since 2010, the average time for permitting processing has been cut from eight days to four days. Applying for permits has been streamlined, and citizen satisfaction has improved. In its first week of the Regional Online Permitting System, the city of New Haven received 1,000 permitting applications, according to Pauline Yoder, a special projects manager at CREGI. But perhaps most valuable has been the focus of work, shifting from processing applications to troubleshooting issues and communicating the issues to the relevant citizens.

Measuring Service Delivery: Baldrige Performance Measures

In addition to studying examples of municipal shared services, it is also instructive to examine municipalities' use of service delivery management. The National League of Towns and Cities suggests that performance measurement can help municipalities achieve this by tracking progress and achieving program/policy results. Moreover, the organization suggests that quality performance measures can improve the quantity and quality of results information received to ultimately produce better outcomes for their residents.

One common type of performance measures used by municipalities includes the Baldrige performance measures. The Malcolm Baldrige National Quality Improvement Act of 1987 was named after former Secretary of Commerce Malcolm Baldrige, with the aim of enhancing the competitiveness of U.S. business through quality performance measures. Baldrige Performance measures offer organizations a free measurement framework in which to measure the quality of service delivery. The measures emphasize quality service rather than exclusively reflecting workload. Measures include customer satisfaction and feedback surveys to gauge customer/citizen opinions and implement changes suited to the customer's stated needs. While the program was initially restricted to companies, in 2005, the program was expanded to include non-profits, cities, and towns.

This section evaluates the city of Irving, Texas and its use of Baldrige Performance Measures for improved quality and service delivery. In fact, Irving, Texas was the winner of the 2012 Malcolm Baldrige National Quality Award, which is the only award program to recognize performance measurement excellence across sectors by the President of the United States.¹⁰

¹⁰ Malcolm Baldrige National Quality Award, 2012; City of Irving, Texas.
http://www.nist.gov/baldrige/award_recipients/irving_profile.cfm

Irving, Texas

In 2009, the town of Irving, Texas (population 217,700) decided to adopt the Malcolm Baldrige performance measures to evaluate the quality and efficiency of its service delivery city-wide. The city used a combination of the National Baldrige Quality program as a measurement framework, measurement scorecards, benchmarking, and the Lean Six Sigma (LSS) system, which is a type of statistical measurement strategy used successfully by businesses such as General Electric and Motorola for performance measurement. Introduction to LSS software and measurement is required training for all Irving employees. Irving has used these individual performance measurement standards to eliminate redundant work practices, gaining over 48,000 hours of productivity and \$38.0 million in cost savings since 2007.

By 2011, the city experienced a 35.0 percent reduction per 1,000 persons in crime, saved an estimated \$1.5 million in annual medical claims costs through its wellness program, and recorded a greater proportion of the population perceiving quality of life improvements, from 52.0 percent in 2006 to 71.0 percent in 2012. Irving, Texas has seized upon the Baldrige framework to enhance the quality of service for citizens of the city, resulting in 75.0 percent of Irving residents saying they would recommend the city as a place to live.

Additionally, Irving, Texas conducts an annual review of functions city-wide using the Baldrige Criteria, submitting applications at the state level in 2009, and at the state and national level in 2011. Submitting applications at the state and national level gives the city an opportunity to use assessment tools to evaluate improvement efforts, receive feedback reports highlighting strengths and weaknesses from a team of experts, participate in performance workshops on maximizing an organization's use of Baldrige Performance Criteria, an awards system for benchmarking and comparisons in excellence, and conferences to showcase such best practices.

Irving conducts its annual Baldrige performance evaluation during its budget process, focusing on strategic priorities and using the results to gather and integrate customer-focused, results-oriented data to achieve the established priorities. The city also benchmarks its data with other cities that have won the Malcolm Baldrige National Quality Award (including Coral Springs, Florida), regional companies that use the measures, and use of the national survey database administered by ETC Institute (AOS). Irving notes that only a small number of local governments systematically assess performance quality and efficiency, so comparison can often be a challenge. However, overall, the city continues to use the Baldrige Performance Criteria effectively, actively engaging itself with the results to improve customer satisfaction and service delivery efficiency.

Economic Development

Economic development is a vital area of focus for cities intent on creating or maintaining a healthy economy. Providing a plan for developing a municipality's economy shows citizens that a strong economy and the prosperity of its citizens is a priority. It also sends a message to businesses that the community offers a climate conducive for hosting new businesses or collaborating with businesses.

The National League of Cities cites public-private partnerships, stakeholder involvement, and regional development as critical components of successful economic development approaches. This section focuses on three case studies of best practices in economic development governance: public-private partnerships for economic development planning in New Orleans, Louisiana, leadership and stakeholder involvement in Chelsea, Michigan, and regional development in the Denver, Colorado metropolitan area.

New Orleans: The New Orleans Business Alliance -- A Public/Private Approach

In 2010, newly-elected Mayor Mitch Landreau created the New Orleans Business Alliance (NOLABA). The organization's creation came from the Mayor's desire to follow municipal economic development best practices creating a public/private approach to business attraction, retention, and economic development planning. Today, NOLABA's Board of Directors consists of 17 city leaders across sectors, including the Mayor and prominent business leaders.

The organization has three goals, as stated on their website:

- Corporate attraction;
- Business retention and expansion; and
- Retail attraction.

Upon its founding, NOLABA sought to immediately serve as a portal for new and existing businesses, assisting with navigating the city's regulatory framework. The group hosted information sessions and seminars in addition to conducting business retention surveys on a consistent basis. This resulted in streamlining the regulatory framework for the city's Disadvantaged Business Enterprise Program (DBE), helping smaller and disadvantaged businesses achieve their goals. Additionally, the group immediately began creating a five-year plan with a committee of 75 business members to promote collaboration, investment, workforce, and entrepreneurship within the city. NOLABA also hired the Boston-based non-profit Initiative for a Competitive Inner City for help in developing the city's strategy. The five-year plan, named ProsperityNOLA, was unveiled in June 2013, and includes a strong focus on attracting technology companies to the area, a quickly-emerging industry for New Orleans. NOLABA plans on measuring the plan's effectiveness through employment rates and new jobs numbers in the future.

The existence of NOLABA has resulted in a number of new job and company openings, as well as business openings slated to take place in the next few years. Since 2010, approximately 4,500 new jobs have been created through the attraction of new businesses, including:

- Lockheed Martin;
- GE Capital;
- Costco;
- Gameloft (a mobile game developer); and
- The Hyatt Regency Hotel.

Further, the city has secured a \$1.0 million loan from the Fresh Food Retailers Initiative to Community Connections for a 60,000 square-foot re-development that will house a new Whole Foods Market, Liberty's Kitchen full service café, and the Goldring Center for Culinary Medicine at Tulane University. The new building will open in February 2014 and create 125 new

jobs. Other results of NOLABA’s efforts include: a new Wal-mart; new film tax credits; new retailers such as Neiman Marcus, H&M, and the first H&M Home store in the U.S.; a new retail center named Riverwalk Marketplace; and multiple CVS and Big Lots openings.

Ultimately, the public/private partnership has given New Orleans a focused strategy for attracting and retaining businesses and developing its economy. The five-year plan further demonstrates a vision and stronger likelihood of the city capitalizing on established areas of future promise.

Chelsea, Michigan

Stakeholder cooperation and a focus on creating a vibrant downtown led to a renaissance in the city of Chelsea, Michigan from 1985 to 2012. Attracting businesses, making its urban core more inviting, and highlighting the city’s history became the main goal of the city’s stakeholders.

The city, with a population of 4,955 people and located 15 minutes west of downtown Detroit, established the volunteer-based Chelsea Downtown Development Authority (DDA) in 1985. It immediately outlined a 10-year plan for the city, labeled “Vision 1995” aimed at capitalizing on “the historic character of downtown”, improving accessibility, and attracting businesses. The DDA envisioned new businesses created around a new city staple, a theater company.

Chelsea decided to use a new state law allowing for the use of tax increment financing (using additional revenue generated by a completed project to pay for development costs), along with a tax of up to two mills on all property within the downtown district. While creating the vibrant urban core was not without its challenges, strong support from elected officials, the Chamber of Commerce, small business owners, regulatory departments, and the city’s citizens helped the DDA make a true impact on the city. The stakeholders conducted meetings and agreed upon a strategy to renovate the downtown and garner increased support from citizens. Donations from city citizens eventually meant the community was tied to the success of the downtown as well.

The DDA and stakeholder care gradually improved the city’s downtown core and its economy. By 2012, the city’s downtown, anchored by the theater envisioned by the DDA and a restaurant run by the actor Jeff Daniels’ father, appeared completely different than it had in 1985. Numerous retail stores chose to open in downtown Chelsea. Table 51 shows the city’s tax base and State Equalized Value of Property (SEV) in 1985 and 2012. The tax base expanded by 0.5 percent, from 9.0 to 9.5 percent. City leaders maintain that the construction of a new hospital and other developments outside of the city’s downtown expanded the city’s tax base as a whole, minimizing the downtown’s portion of the tax base. Additionally, table 51 shows that the SEV increased by 126.0 percent, from \$4.0 million in 1985 (equivalent to \$9.0 million in 2012) to \$26.0 million in 2012.¹¹

Measure of Progress	1985	2012
Tax Base (Percent)	9.0	9.5
State Equalized Value of Property (in millions)*	\$4.0	\$26.0

*State Equalized Value is 50.0 percent of market value
Source: National League of Towns and Cities

¹¹ SEV is 50.0 percent of a property’s market value, as required by state law. The SEV represents an equalization of market value.

Regional Economic Development

Denver, Colorado has created a notable regional economic development framework that has served to attract businesses to the area. A Code of Ethics was established in 1987 by the Metro Denver Economic Development Council (MDEDC) to serve as an economy-improving catalyst during the downturn of the 1980s. The Code was created to foster teamwork, rather than a “zero sum” game of competition among communities in the Denver Metro area. In theory, this was intended to unify towns to their benefit, rather than compartmentalize them into separate communities harming each other in the quest for economic development.

The Code of Ethics encourages members to “sell Metro Denver first and our individual communities and projects second.” Additionally, information sharing and transparency are emphasized, as members pledge to inform neighboring communities of businesses potentially relocating from one community in the region to another, and also “communicate with our fellow members in an effort to meet the company’s needs elsewhere in the Metro Denver area”. The result was an immediate welcome of businesses in the area, and a regional approach to finding a location that best suited incoming businesses. The Code also allowed for a single contact within the MDEDC to streamline the business relocation process, and one message for any interested businesses. The MDEDC is composed of 70 cities, counties, and economic development organizations.

Encouraged by Denver’s success with its Code of Ethics (pushed for by the Metro Denver Economic Development Council), Northeast Indiana created their own Code of Ethics in 2011. Other regions, like Montgomery County, have created similar agreements that also provide for revenue sharing. In each circumstance, stakeholders who have approached economic development regionally have reported widespread, comprehensive economic gains.

Priority-Based Budgeting

A city’s budget document states its priorities to the public in a transparent way. In government, line-item budgeting is the most common form of budgeting, because of its simplicity. In line-item budgeting, budget allocations are organized by department and expenditure/revenue type.¹² In contrast, priority-based budgeting requires explaining the reasoning for budget decisions, and tying such decisions to potential outcomes. Establishing goals and allocating funds accordingly to match these goals creates an organized, cohesive approach to budgeting that a taxpayer may readily understand. Explaining the budget process and reasoning for budget allocations also provides a transparent baseline for budgeting in the following years.

Walnut Creek, California

This section highlights Walnut Creek, California, which adopted a priority-based budgeting system in 2009. In 2009, Walnut Creek, California (population 65,695 and located 16 miles East of Oakland), felt a need to communicate with its citizens in a more effective way. It decided that priority-based budgeting would allow it to communicate its budgeting needs and tell more of a “story” surrounding its budget to the public. In 2012, it published “A Community Connected: The 2012-2014 Budget Story”, outlining the past progress and the crucial decisions that would

¹² “Financial Accounting for Local and State School Systems.” U.S. Department of Education, Institute of Education Sciences, and the National Center for Education Statistics. http://nces.ed.gov/pubs2004/h2r2/ch_3.asp#2

need to be made in the forthcoming two years. Additionally, the supplemental budget document outlined the city's key mission and core services, detailing a road map toward constant improvement and continued engagement with citizens.

In Walnut Creek's system of priority-based budgeting, citizens and city councilmen determine goals for the city, ways to measure the goals, scoring programs on the staff's perceived ability to achieve certain goals, and staff review of the rankings. A budget is then drafted, the city council approves, and the budget is adopted.

Through priority-based budgeting, Walnut Creek recognized a need to cut back during the recession, communicating these needs to the public through its meetings, budget documents, and supplementary budget documents.

The city has contracted out more services, cutting 51 full-time jobs, implemented a "second-tier" pension benefit for non-safety public employees with the least generous plan under the state's retirement system, negotiated with employee groups to reduce health benefits and pay the full employee portion of pension costs, and increased its use of volunteers. Priority-based budgeting also gave the city a chance to communicate with its citizens certain budgeting concerns not reflected in a single glance at budget line-items, including:

- Tax revenues below pre-recession levels;
- Expenditures on health benefits, pension, insurance, gas, and utilities costs outpace revenue generation;
- The 10-Year Capital Investment Program identified \$98.0 million in needs, and only \$35.0 million have been identified; and
- A bottom line that services cannot continue at the same level beyond 2014, as the city may not remain solvent.

Yet, despite these concerns, quality of services have improved since 2009. Notably, crime incidents have decreased by about 1,000 (28.0 percent) from about 3,500 to 2,500 incidents in 2011. Also, housing development projects, volunteers, and environmental endeavors increased. Additionally, economic goals were set for 2012, including expanding public transit (the BART), attracting a boutique hotel to the downtown, and generating high-value jobs.

Ultimately, the city's constant communication with citizens has resulted in taxpayer satisfaction. According to the National Citizens Survey, in 2012, 96.0 percent of residents in Walnut Creek were satisfied with the overall quality of life, 97.0 percent said they'd recommend Walnut Creek as a good place to live, and 97.0 percent plan to live in Walnut Creek for up to five years in the future.

VIII. Mergers and Consolidations

This section details recent and potential mergers within and outside the City of Pawtucket. RIPEC analyzed each department, researched solutions implemented by different municipalities of similar size, and identified potential departmental mergers. Two important consolidations have taken place recently during this study, highlighted and facilitated by RIPEC: Information Technology and Waste Management.

Recent Mergers and Consolidations Within Pawtucket

Information Technology

The city's Information Technology (IT) Division merged with the Pawtucket School Department on July 1, 2013. This merger changed the structure of the IT Division from a city office with four budgeted positions to a combined IT Department with 11 total positions. As figure VII shows, the previous IT Department consisted of four positions, with three active positions: the IT Director, who oversaw the other IT positions, the Chief Computer Systems Programmer, and the IT Support Coordinator.¹³

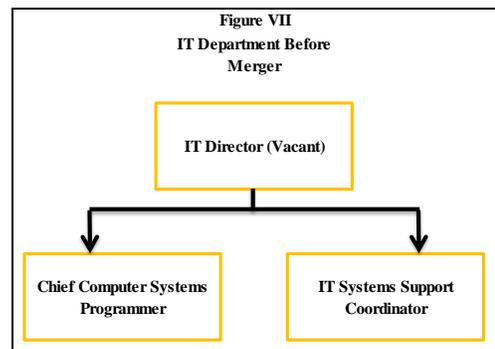
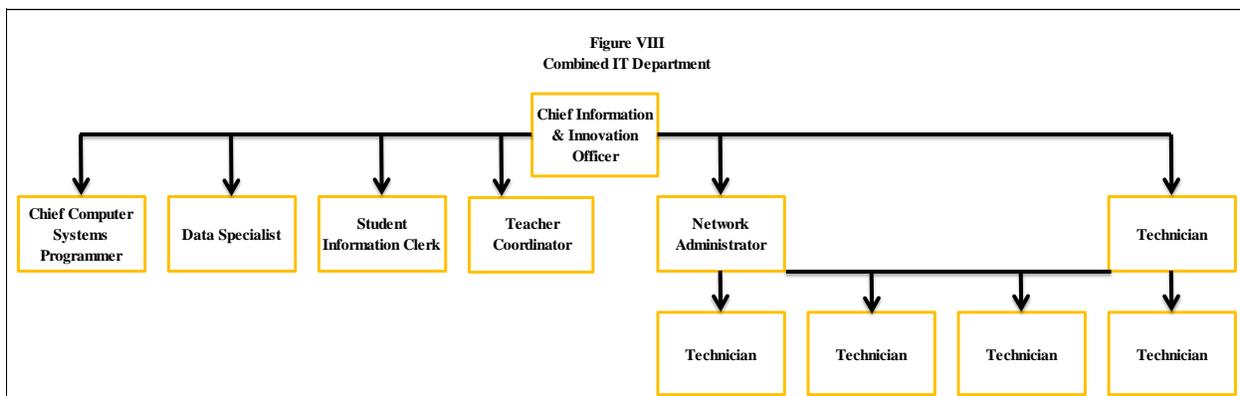


Figure VIII shows the newly combined IT Department between the city and School Department. Since both departments had vacant IT Director positions, the two departments decided to merge and create a new, overarching director position. This position, the Chief Information and Innovation Officer, now oversees the combined departments. Additionally, as part of the agreement, the city eliminated its Information Systems Support Coordinator position. Four technician positions were created from the associated benefits and salaries. The School Department's existing structure and the city's Chief Computer Systems Programmer comprise the rest of the IT Department. These positions include a Teacher Coordinator, Data Specialist, Student Information Clerk, Network Administrator, and Technician.



¹³ The Switchboard Operator was budgeted as the fourth IT position, but served no IT purpose within the division's organizational work structure.

Mergers and Consolidations Outside Pawtucket

Waste Management

On June 3, 2013, the city privatized its waste management services. This privatization occurred in conjunction with Central Falls and East Providence, offering each city an opportunity to expand the service area and number of homes, resulting in greater buying power at a lower cost. All three cities have outsourced refuse and recycling services to the same private contractor.

Pawtucket's outsourcing of these functions removed 25 positions associated with refuse and recycling collections from the FY 2013 budget. Employees traditionally associated with the DPW will be transferred to vacancies in other Public Works divisions.

Potential Mergers and Consolidations Within Pawtucket

As RIPEC gathered research on the city's various functions, certain opportunities to increase efficiencies became apparent. This section explores these potential options to merge and consolidate.

Tax Assessor and Tax Collector

Since vacancies exist within the Tax Assessor's Office and the Collection-Disbursement Division, consolidation options can now be explored. Merging could potentially obviate the need for additional staff in either division, as existing employees from two divisions may be able to offset seasonal increases in workload. The new joint division could be structured with a Deputy Assessor/Collector or with a Deputy of Assessment and a Deputy of Collections, depending on the city's preferred structure. Net salaries and benefits savings could be used to create another clerk position, since both divisions have expressed the need for more clerk-level staff. A merged office would provide all tax assessment and collection functions.

Additionally, the deputy positions are currently serving as division heads for the Tax Assessor's Office and the Collection-Disbursement Division. Eliminating the deputy positions in each division could offer savings from the salaries and benefits expenditures associated with the positions.

Finally, the city could consider creating a shared clerk position for the two divisions. This position could work for either department as needed. If the city chooses to explore this option, careful consideration should be given to whom the shared employee ultimately reports. In order to avoid the potential for the Tax Collector and Tax Assessor delivering competing orders, the shared employee would likely need to report to the Finance Director or Deputy Finance Director.

City Clerk and Board of Canvassers

The City Clerk's Office and the Board of Canvassers could be merged into one office responsible for the functions the two offices currently perform. These two divisions of the Legislative Department are both charged with customer service, various record collections, record keeping, and maintenance functions. A merger could offset periods of increased work volume in the Clerk's Office.

Information Technology

After the city's July IT merger with the school department, the city could re-evaluate the position of this department within its overall organizational structure. IT is currently a division of the Finance Department. The city could determine if it is better served in the long run if the IT Department is separate and distinct from the Finance Department, with the IT Director reporting directly to the Director of Administration and serving as a member of the leadership team.

Personnel

The city should continue to pursue a joint Human Resources (HR) Department, rather than maintain separate Personnel (City of Pawtucket) and HR (Pawtucket School District) divisions. Additionally, if consolidation is completed, the city could re-evaluate the position of this department within its overall organizational structure. While Personnel is currently a division of the Finance Department, it may be more efficient in the long-term for the HR Department to be separated from Finance, with the HR Director reporting directly to the Director of Administration and serving as a member of the leadership team.

Finance Director's Office

Creation of a utility/cashier position within the Finance Office, a division of the Finance Department, could be considered. Such a position would report to the Finance Director or Deputy Finance Director, and could be allocated to any division of the Finance Department with a heavy workload at any given time. The position could assist regular staff during seasonal highs in their workload.

Project Management

The city could merge the project management functions of the Department of Planning and Redevelopment with the Department of Public Works, as one office could make the project management process more efficient. Consideration could be given as to whether the project management function should be housed in Planning or Public Works.

Potential Mergers and Consolidations Outside Pawtucket

Pawtucket might consider shared services with other local governments, state entities, and area non-profits as it did with its waste management consolidation. The city has numerous potential partners, including neighboring cities East Providence, Central Falls, and Providence, as well as outside agencies like the Pawtucket Foundation.

Purchasing Services with East Providence

Pawtucket could continue to explore the possibility of formally combining purchasing operations with the city of East Providence. Preliminary discussions surrounding this possibility have already taken place through the Governor's Task Force on Shared Services. Discussion has centered on Pawtucket's Purchasing Agent potentially providing high-level purchasing services to East Providence for a fee, to be supported by existing East Providence staff. This structure could increase Pawtucket's efficiencies by aligning with the purchasing cycles and practices of East Providence.

Capital Asset Sharing Agreement

The towns of Burrillville, Glocester, North Smithfield, and Smithfield signed a capital asset sharing agreement in 2010 to provide the option of sharing heavy equipment and trained personnel. Pawtucket could explore a similar model with its neighboring communities, which could offset some of the city's future capital investment and skilled labor needs.

Central Falls

Over the last several years, selective discussions between Central Falls and Pawtucket have occurred regarding sharing of services. A renewed series of discussions should be undertaken by the city to determine the possibility and feasibility of Pawtucket becoming the provider of shared services for Central Falls.

Regional Economic Development

As the city explores its options for cost-effective economic development services, it might consider a regional approach to economic development. Pawtucket could join with neighbors to fund a centralized economic development organization, filling an existing economic development gap at a lower cost for each community.

Regional Public Safety Dispatch

The Rhode Island Legislature's Joint Shared Municipal Services Study Commission is currently working with the Rhode Island State Police to explore the possibility of regionalizing local public safety dispatching services. Pawtucket has participated in the preliminary discussions and could continue to actively participate in this initiative. Regional dispatching could provide higher quality service to the participating communities at a lower cost than public safety dispatches for individual communities.

IX. Considerations and Recommendations

RIPEC’s review of Pawtucket included interviewing the head of every department while looking for areas to increase efficiency and improve functionality. Pawtucket has already implemented specific shared services (see “Mergers and Consolidations” section), but other opportunities to enhance efficiency exist. RIPEC considered areas designated as weaknesses for the city, based on interviews and outside research on best practices, developing recommendations to improve Pawtucket’s basic functions and services.

This section details these considerations, offering recommendations for the future. These recommendations include:

- Budgeting strategies;
- Expanding revenue generation;
- Continued implementation of shared services (Human Resources Department shared by the School Department and Pawtucket);
- Implementing reliable performance measures;
- Digitization of Records;
- IT training; and
- Establishing a sound economic development strategy.

Budgeting

Budgets are a city’s central policy document and must reflect the priorities of the government, and, subsequently, its citizens. A sound budgeting strategy communicates citizen’s needs in regards to core services, incorporates out-year fiscal implications, creates safe-guards for possible future recessions, and measures service delivery performance. Priority-based budgeting, re-building a “rainy day fund”, and using Baldrige Performance Measures could create a positive budget climate, priming the city for future fiscal health.

Priority-Based Budgeting

First, the city should consider a priority-based budgeting process, where goal-setting and communication with the public plays an active role in creating a budget document that simultaneously outlines the needs of the city and a strategy for addressing these needs. An investment-based approach to budgeting, emphasizing the effective delivery of the core functions of government, creates a solid foundation for the city as it emerges from the recent recession. Additionally, budgets must account for out-year fiscal implications of spending and revenue decisions to ensure continued delivery of services. Priority-based budgeting creates effective documents and discussions to accomplish such a robust communication and a calculated, investment-based strategy focused on achieving city goals.

Rebuilding the “Rainy Day Fund”

The city should seek to rebuild its budget reserve, or “rainy day fund”. Rebuilding the budget reserve will leave the state less vulnerable to future recessions, as emergency funds may exist when leaders find future funding to be severely lacking.

Reliable Performance Measures: Baldrige Performance Measures

Pawtucket should consider adopting a program for measuring performance, such as the Baldrige Performance Measures. The program is nationally-run and offers a free framework for setting goals and adopting quality-based performance measures. The focus on performance quality, and opinions of the city's citizens, is a unique element of Baldrige Performance Measures. Participating in the program also offers benchmarking data, annual performance reviews, access to presentations and conferences to share performance measure insight, and a national award system that provides exemplary case studies (or best practices). Adopting Baldrige Performance Measures would be a cost-free way for Pawtucket to examine and improve the quality of its core services.

Revenue Generation and Tax Base Expansion

A broad tax base enables a city to collect a consistent amount of revenue every year, despite revenue stream changes in specific areas. Initiatives that seek to broaden the city's tax base should be given priority. This section identifies areas that could potentially expand Pawtucket's tax base and produce additional revenue.

Income Tax Offset Program (ITOP)

The city should consider participating in the Income Tax Offset Program (ITOP), a state law that allows entities to collect individual tax refunds from delinquent taxpayers. The law was extended to include municipalities in 2011, with East Providence and Woonsocket taking part. Woonsocket collected \$500,000 in tax refunds in 2012, and East Providence collected about \$3.1 million of the \$11.0 million owed to them. The payments helped East Providence pay off debt and close a \$7.2 million budget gap by March of 2013. Pawtucket may enhance their revenue stream considerably by participating in the program.

To participate, municipalities must send a list of its delinquents to the state Division of Taxation. The Division of Taxation checks this list before distributing an individual's state income tax refund. If the individual is delinquent, the amount owed to the city will be taken out of the refund and allocated to the municipality. Before participating in the program, East Providence sent out a notice to all individuals detailing the consequences of tax delinquency. The letters alone yielded \$2.9 million (of the \$3.1 million total received via the program) in voluntary contributions from taxpayers.

According to state tax administrators, five more municipalities will be joining the program in the next fiscal year. During January 2014 testimony at the state house, Tax Administrator David Sullivan also indicated the program yielded an approximate 50.0 percent collection rate of turned over accounts, which the majority of accounts involved delinquent motor vehicle tax collections.

Tax Collection - Lockbox

Pawtucket should consider placing their lockbox provider service up for a bid (currently Webster Bank, since 2000). Placing the service for bid, rather than reaching out to a single provider for tax collection (the process used since 2000), would likely increase competition for providers and likely decrease the price of the service.

Investing in Infrastructure

Any type of excess funding should be used to make smart, one-time investments in infrastructure or debt reduction that would help the city for years to come without increasing the city's reliance on variable revenue sources. Pawtucket has accomplished this successfully in one instance, requesting \$7.0 million in funds from the newly-established Municipal Revolving Loan Fund for citywide repaving projects.

Stoplight Cameras (and fines)

The city should consider installing stoplight cameras at certain intersections, which could capture people who violate the law on a continual, 24-hour basis. The violators would be held accountable by paying a fine, which would expand and increase Pawtucket's revenue stream.

Tax-Exempt Entities

Pawtucket should consider discussing a payment in-lieu-of taxes for traditionally tax-exempt entities, like the Pawtucket Foundation and other non-profit institutions. Such actions would mirror those taken by Providence in 2011, which culminated in a settlement where the non-profit organizations agreed to donate money in-lieu-of a tax. Additionally, the city should review the actions taken by the East Providence Budget Commission and its categorization of tax-exempt institutions to ensure accuracy and consistency. The Commission's decision to remove tax-exempt status for the Boys and Girls Club of Providence, the Columbus Club of East Barrington, the East Bay Community Action Program, the Elks, and the Rhode Island Philharmonic Orchestra and Music School yielded the country an additional \$112,000 a year in revenue. A push for a tax on traditionally tax-exempt organizations could thus mean an expanded revenue stream.

Shared Services

Pawtucket should continue to work with the Pawtucket School Department on shared services, and identify other potential areas for mergers and consolidations (see "Mergers and Consolidations" section). The city should especially continue to talk to the School Department regarding a consolidated Human Resources (HR) Department, as this could streamline HR duties, decreasing redundancies in the HR process, and make the HR process more efficient for both the School Department and Pawtucket.

IT and IT Training

Focusing on high-quality Information Technology (IT) and skilled users may improve city functions and create efficiencies. This section focuses on comments and recommendations regarding Pawtucket's use of IT.

IT Training

Pawtucket should consider additional IT training workshops and a focus on staff skill-building to ensure maximal utility of Pawtucket's existing technology. Frequent training assists staff with adjusting to IT updates, and builds an awareness around the city's technology that results in a more efficient, cost-effective delivery of its core services.

Digitization of Records

Pawtucket should consider digitizing its print records. With limited space and a sometimes inhospitable storage environment (frequent roof leaks, mold, and more), storing records will become increasingly difficult over time. Digitizing Pawtucket's records would allow for easy access of the records, with online searches, free up building space, and ensure the quality of Pawtucket's records for many years into the future, eliminating the likelihood of physical damage.

Online Permitting

Pawtucket should consider moving its permitting process online. Moving permitting online, especially for the Department of Public Works, the city's Purchasing Agent, and Finance Director, will make the entire process more customer-friendly and efficient for the city's citizens. Allowing citizens to file paperwork online would eliminate the extra step of traveling to City Hall to begin the permitting process, allowing the customers more flexibility in undergoing the permitting process.

Economic Development

The city should resume its efforts to establish a coordinated economic development strategy. Previously, Pawtucket was in discussions with the Pawtucket Foundation to create a public-private partnership geared toward economic development. Please see Appendix B for the Business Plan proposal, drafted as a result of these discussions.

A coordinated economic development strategy is critical to attracting businesses and revitalizing Pawtucket's downtown core in an efficient, priority-based manner. Taking the time to plan the future of the city and prioritize its economic development communicates a city's goals and commitment to the city's economy, as well as providing the time, manpower, and innovation to find alternative funding sources and stakeholders for long-term, sustainable economic health.

Update Website

Pawtucket should consider a comprehensive website update. A website serves as the face of a city, and a well-functioning, modernized, sleek website serves as both a Public Relations symbol of a modern city, as well as evidence of its function. Updating Pawtucket's website would make it easier to navigate, customer-friendly, and symbolize its embrace of the latest technology.

Appendix A

Labor Management (Police and Fire)

Fire

The city and Local 4421, representing Pawtucket firefighters, last negotiated a contract in 2009, which lasted from July 1, 2009 to June 30, 2012.

Vacation and Sick Leave

Period of Continuous Employment	Vacation Time (paid)
	Working Days
6 months	8
1 Year	8 + 8
18 months	8 + 8 + 8
2 Years	16
10 Years	20
20 Years	24

Source: Contract between Pawtucket and Local 4421, April 2009

The contract states that a normal work week is 42 hours per week, consisting of a four-platoon system. It was agreed that these four platoons would work two consecutive days of 10 hours each, then two consecutive nights of 14 hours each, followed by four days off. As table 52 shows, it was also agreed that employees would be eligible for vacation days after continuous employment. The vacation schedule differs from that of Municipal, Professional & Technical, and PWSB employees. It was agreed that initially, firefighters continuously employed for six months would be eligible for eight working days of paid vacation. After one year of continuous employment, firefighters would be eligible for an additional eight working days of paid vacation, and another eight days after 18 months. From there, continuous employment ranging from two to 20 years would entail corresponding vacation days, ranging from 16 to

24 paid working days of vacation per year, respectively. The city and union also agreed that employees would be entitled to eight sick days per calendar year. If an employee uses any sick days, or just one, two, or three sick days, they are entitled to an additional four, three, two, and one personal days, respectively.

Overtime, Call-Back-Pay, and Longevity

According to the contract, employees would be paid overtime for any hours worked in excess of 42 hours per week at the rate of 1.5 times their regular hourly pay, as table 53 illustrates. Additionally, employees may be eligible for call-back-pay if called back to duty for at least four hours of work at the rate of 1.5 times their regular hourly pay. It was also agreed that employees have the right to substitute one worker for another in a shift. The city also agreed to pay the PWSB employees longevity. The percentage rate increase of base payments vary from the municipal and professional and technical workers, with eligible employees starting in year five entitled to a 7.5 percent rate increase in base annual pay, increasing by 1.0 percent in increments of 5.0 years to 10.0 percent after 20 years of continuous employment.

Years of Continuous Employment	Percentage Rate Increase of Base Annual Pay
5 to 9	7.5%
10 to 14	8.5%
15 to 19	9.5%
20 and over	10.0%

Source: Contract between Pawtucket & Local 4421, April 2009

Health Insurance

The city agreed to pay the cost of the employees' medical and dental insurance for individual and family coverage. As table 54 shows, the two parties agreed that individually-covered employees would be required to pay a weekly co-payment of \$16.35, and employees with family coverage

would be required to pay a weekly co-payment of \$32.69 for medical coverage. Office deductibles were agreed to be \$15.00, and specialist deductibles \$25.00. This plan included a \$100.00 emergency room (ER) co-pay and a Prescription Drug Program identical to that of municipal employees, professional and technical employees, and PWSB employees.

	Weekly	Office Visits	Specialist Visits	Emergency Room	Prescription Drug Program		
					Generic	Preferred	Non-Formulary
Individual Plan	\$16.35	\$15.00	\$25.00	\$100.00	\$7.00	\$25.00	\$40.00
Family Plan	\$32.69	\$15.00	\$25.00	\$100.00	\$7.00	\$25.00	\$40.00

Source: Contract between Pawtucket & Local 4421, April 2009

Retired Medical and Life Insurance

The city agreed to cover the full cost of medical insurance for retirees, without co-pays, including lifetime spousal and family health coverage upon the death of the employee. The contract states that employees retiring after 30 years of work or who would be between 62 and 65 years of age and had worked for a minimum of 10 years would be eligible to receive the aforementioned medical coverage at the time of retirement. Employees hired prior to April 1, 1986, would have the option of receiving the same health plan as active employees. Those hired after that date would be required to receive Medicare coverage once eligible, where they would receive Plan 65 coverage for the employee and their family. This plan includes a skilled nursing facility rider, a \$5/\$15/\$30 Prescription Drug Program, and a city reimbursement for lifetime former employee and spousal Medicare costs. Additionally, the city agreed to pay \$50,000 worth of life insurance protection.

Pension

The Pawtucket firefighters’ pension plan is currently under review. In the 2009 contract, the pension stated that each employee retiring after 20 years of service would be entitled to annually receive 50 percent of their highest year salary for life. Additionally, employees who served more than 20 years would be eligible for an additional 3.0 percent of their highest year’s salary for each year of employment beyond 20 years, not to exceed three years and four months beyond 20 years. This would mean a maximum annual pension of 60 percent of their highest annual salary. Additionally, it was agreed that fire employees would be eligible for a total and permanent disability benefit of 66.3 percent of their highest annual salary, if disabled on the job. The disability benefit would continue for the period of the disability, or until the employee reached retirement age.

Police

Pawtucket negotiated its most recent contract with the Pawtucket Lodge No. 4, representing the police in 2009, with its expiration in July 2012.

Vacation and Sick Leave

The contract states that a normal work week is 37.5 hours per week, with the regular schedule for all uniform police being six days of work: four consecutive, eight-hour working days, followed by two consecutive days off. The administration, detectives, special squad members, and the Major would follow a Monday through Friday schedule. As table 55 shows, it was also agreed that employees would be eligible for vacation days after continuous employment. As with other employees, continuous employment ranging from six months to 20 years would entail corresponding vacation days, ranging from eight to 29 paid working days of vacation per year. The city and union also agreed that employees would earn 1.5 sick days per each calendar month and four personal days per year, respectively.

Period of Continuous Employment	Vacation Time (paid)
	Working Days
6 months	8
1 Year	18
5 Years	20
10 Years	23
20 Years	29

Source: Contract between Pawtucket & Pawtucket Lodge No. 4, Fraternal Order of Police, 2009

Overtime, Call-Back-Pay, and Longevity

The city agreed to pay employees ranking lower than a sergeant, who work over 37.5 hours each week or eight hours in any one day, at a rate of time and a half. Additionally, employees may be eligible for call-back-pay if called back to duty for at least four hours of work at the rate of 1.5 times their regular hourly pay. Further, the contract states that employees have the right to substitute one worker for another in a shift. The city also agreed to pay the Pawtucket Water Supply Board (PWSB) workers longevity. It was agreed that employees would be eligible for longevity pay after four years of service, ranging from 7.5 percent rate increase of base annual pay for five to nine years of continuous employment to 10.8 percent rate increase of base annual pay for 20 plus years of continuous employment.

Health Insurance

The city agreed to pay the cost of the employees’ medical and dental insurance for individual and family coverage. As table 56 shows, the two parties agreed that individually-covered employees would be required to pay a weekly deductible of \$16.35, and employees with family coverage would be required to pay a weekly deductible of \$32.69 for medical coverage. Office visit co-pays were agreed to be \$15.00, and Specialist co-pays \$25.00. This plan included a \$100.00 emergency room (ER) co-pay and a Prescription Drug Program identical to that of municipal employees, professional and technical employees, and PWSB employees.

	Weekly	Office Visits	Specialist Visits	Emergency Room	Prescription Drug Program		
					Generic	Preferred	Non-Formulary
Individual Plan	\$16.35	\$15.00	\$25.00	\$100.00	\$7.00	\$25.00	\$40.00
Family Plan	\$32.69	\$15.00	\$25.00	\$100.00	\$7.00	\$25.00	\$40.00

Source: Contract between Pawtucket & Pawtucket Lodge No. 4, Fraternal Order of Police, 2009

Retirement and Life Insurance

The city agreed to pay family medical coverage for employees retiring after 20 years of service or more, including lifetime spousal and family health coverage upon the death of the employee. Employees retiring after 30 years of work or who would be between 62 and 65 years of age and

had been continuously employed by Pawtucket police for a minimum of 10 years would be eligible to receive the above medical coverage at the time of retirement. It was also agreed that retired employees sworn in prior to April 28, 1994 would not be required to pay any deductibles or co-payments for medical care. Employees sworn in after April 28, 1994 must contribute the same weekly deductible and co-payments as active employees would on their retirement date. When retirees meet the age of 65, it was agreed that the city would provide supplemental Medicare coverage. This plan includes a skilled nursing facility rider, a \$5/\$15/\$30 Prescription Drug Program, and a city reimbursement for lifetime former employee and spousal Medicare costs. Additionally, the city agreed to pay \$50,000 worth of life insurance protection.

Pension and Disability

The Pawtucket police employees' pension plan is currently under review. In the 2009 contract, the pension stated that each employee who retired after 20 years of service would be entitled to annually receive 50 percent of their highest year's salary for life. Additionally, employees who served more than 20 years would be eligible for an additional 3.0 percent of their highest year's salary for each year of employment beyond 20 years, not to exceed three years and four months beyond 20 years. This would mean a maximum annual pension of 60 percent of their highest annual salary. It was also agreed that police would be eligible for a total and permanent disability benefit of 66.3 percent of their highest annual salary, if disabled on the job. The disability benefit would continue for the period of the disability, or until the employee reached retirement age.

Appendix B

Economic Development Partnership: Pawtucket and the Pawtucket Foundation

Business Plan

Pawtucket Economic Development Partnership

The following is a draft of the business plan for the proposed public-private partnership between the City of Pawtucket and the Pawtucket Foundation. This is a working document, jointly developed by the city administration, Pawtucket Foundation staff, and the Rhode Island Public Expenditure Council. It is intended to help guide continuing discussions surrounding the framework of a cooperative economic development structure that leverages the strengths of the public and private sectors in an effort to broaden the city's tax base and increase economic activity within Pawtucket.

Confidential Document

I. Executive Summary

To promote economic development within the City of Pawtucket, the City of Pawtucket and the Pawtucket Foundation will cooperate and jointly provide services and programs to enhance commerce in the city and will each provide services, programs and funding that will develop the economy of the city through the creation of the Pawtucket Economic Development Partnership.

The parties will enter into a shared services agreement where each party will agree to work together to promote the economy of the city. To this end, the Pawtucket Foundation will jointly sponsor a development professional to provide discreet services and work cooperatively with the city.

This economic development professional will lead efforts to promote commerce in the City of Pawtucket under the direction of the Mayor. Existing economic development staff for the City will work cooperatively with this professional through the Pawtucket Economic Development Partnership. Support staff from the Pawtucket Foundation will provide research, data analysis, and administrative services for the Partnership.

II. Mission Statement

To create a structural approach to promote the economic viability of the City of Pawtucket by creating a foundation that allows for development, economic activities and job growth.

III. Background and Business Details

Background

Rhode Island consistently ranks at the bottom of national business climate surveys, and a recent article by GoLocalProv rated Pawtucket outside the top 25 RI cities and towns in which to do business. Although Pawtucket has limited resources, the city has determined that it needs to change the way and methods it uses to promote its economy. Dating back at least to FY 2007, the Economic Development line item in the City's non-departmental budget has been funded at \$0.00. Currently, the city only has one employee dedicated to economic development and this person focuses primarily on cultural affairs, including the arts. The administration would like to create additional positions to support an improved and revitalized economic development process and plan for the city.

The state and the city have undergone a prolonged recession with persistently high unemployment and lackluster economic growth. Reductions in state aid to municipal governments have hit Pawtucket particularly hard. Between FY 2007 and FY 2013, state aid to Pawtucket decreased \$14.7 million, from \$20.4 million to \$5.7 million. As a result, the city increased property taxes to account for the lost revenue. Property taxes represented about 75 percent of the city's FY 2007 general revenues, whereas in FY 2013 they accounted for roughly 90 percent.

With many abandoned or underutilized properties, there exists a pressing need in the City of Pawtucket to bolster its economic development and broaden its tax base. Increasing commerce

and revitalizing properties to their highest and best use could lead to increased revenues for the city.

Concept

The creation of the Pawtucket Economic Development Partnership, a public-private collaborative effort between the City of Pawtucket and the Pawtucket Foundation, is proposed to promote commerce and sustainable economic growth within the city of Pawtucket. The Partnership will be a customer-centric organization committed to retaining existing businesses, attracting and recruiting new businesses, and serving as a facilitator of private and public investment in the city.

The Pawtucket Economic Development Partnership will need approval from the sitting Grebien Administration and the Board of Directors of the Pawtucket Foundation prior to its formation.

A coordinated, robust economic development structure has been absent in the city of Pawtucket. The Partnership will fill this need, and facilitate the economic growth in the city necessary to support a more robust property tax base. To facilitate this goal, the Partnership will help startups and established businesses alike navigate state and local regulatory processes efficiently, encouraging both compliance and smart growth.

IV. Structure, Organization & Management

Operations

The Pawtucket Economic Development Partnership will:

- Help existing Pawtucket businesses remain in Pawtucket by actively engaging the business community in open dialogue, assessing needs, providing information about existing incentives and evaluating potential new incentives, and advocating for their needs to city and state government.
- Recruit new businesses to Pawtucket through aggressive marketing of Pawtucket assets.
- Market the city as a place to live, work and visit, building on Pawtucket's unique historic and cultural amenities.
- Advise city decision-makers on economic policy based on data-driven analysis.
- Seek additional resources and partnerships to aid these efforts.

Services and Functions:

The Pawtucket Economic Development Partnership will provide a full array of economic development services for the city of Pawtucket, and strengthen partnerships to perform the following functions including, but not limited to:

- Strategic planning;
- Sales and marketing;
- Business recruitment and retention;
- Communications;
- Tourism;
- Event promotion;

- Cultural affairs;
- Research and data collection;
- Data analysis; and
- Administrative support.

Leadership:

The Pawtucket Economic Development Partnership will be led by a Director of Economic Development, housed at the Pawtucket Foundation. The Director's primary responsibilities will include creating a strategic economic development plan for the city, directing economic development staff, marketing the city, recruiting potential businesses, guiding potential businesses through the process of locating in Pawtucket, and working with existing businesses to ensure they remain in Pawtucket.

The city's economic development staff will perform the Partnership's communications, tourism, events, arts, entertainment, and cultural affairs functions.

The Foundation, through its existing staff, will provide research, data analysis, and administrative support for the Economic Development Partnership.

V. Objectives and Measurements

A set of performance measurements, jointly agreed upon and created, will be established for the partnership. The metrics to judge the effectiveness of the Pawtucket Economic Development Partnership may include:

- Increased tax bases (dollars)
- Number of businesses added
- Number of businesses expanded
- New business investment
- Number of business closures
- Private sector job growth
- Wages & salaries growth
- Population growth
- Inquiries received
- Number of initial contacts with businesses
- Unemployment rate
- Number of building permits

VI. Marketing and Strategic Plan

The Partnership will create a marketing plan to promote the city, which shall include, as a part of the plan, the strengths and weaknesses facing the city, the tools available to assist and promote development within the city including state-wide resources. There will also be a plan setting forth the strategic vision the partnership shall follow to develop possibilities for development and to promote the economic development activities of the city.

VII. Rationale for the Partnership

The partnership will be created as the recommended structure based upon various options the city and the Pawtucket Foundation reviewed. The partnership will bring together two institutions that separately would not be as robust in their ability to amass resources and public private commitments.

There are several competitive advantages of the Partnership including, but not limited to, the following:

- The public-private nature, inherent private sector buy-in and participation;
- Expert staff at a fraction of the cost;
- The ability to leverage the capabilities of both existing organizations;
- Greater transparency and accountability; and
- Efficient allocation of resources.

VIII. Financing Plan

This section is still under discussion as to the level of financial support each party is willing/able to make. This section will be finalized after the necessary discussions have been completed.

- A. In creating the partnership the parties have agreed to share the cost of operations, start-up costs and other related costs. The attached spread sheet highlights the sources and uses of funds.
- B. The City shall contribute X
- C. The Foundation shall contribute Y
- D. Start-up costs include A, B, C
- E. Other financing sources (could include PBDC, private donations, grant money, etc.)

IX. Agreement

The parties agree to draft an agreement as to the formation of the partnership, management and operations of the work and compensation requirements for the positions to be part of the partnership.

Appendix C

Financial Model Use and Maintenance

As agreed upon in the Pawtucket Benchmarking and Management Study, RIPEC developed a financial model for the city's use. This model is meant to be customizable and offer insight regarding future budgetary impacts. In this report, the model was used for the Financial Forecast section, using assumptions outlined on pages 29, 34, and 38. This section includes step-by-step instructions for the use and maintenance of the financial model.

Financial Model Use

The model use portion of this section details expenditure and revenue projections. The expenditure sub-section outlines how to generate unfixed expenditures from most categories, as well as salaries and longevity pay. The revenue projection sub-section outlines how to generate revenues in every category.

When using the model:

- It is highly recommended that the original (clean) model be saved on multiple machines as redundant backups.
- Copies of the model (rather than the original version) should be used for each projection series, ensuring that there will always be a “fresh” version of the model to fall back on should a formula or macro accidentally become compromised.
- The model has many calculations and macros facilitating accuracy and flexibility. This requires user patience. Please wait for macros to finish running and for calculations to complete before making edits.

Generating Expenditure Projections

To generate versions of Expenditures by department or division, start from the “**Inputs**” tab:

- STEP 01: Choose a municipality using the drop down list “**Municipality**.” The model currently contains Pawtucket budget history, however, it is designed to include all Rhode Island municipalities and is scalable should new municipalities become necessary.
- STEP 02: Choose the **first** fiscal year to project using the drop down list “**FY to Begin Projection**.”
- STEP 03: Choose the number of additional years to project using the drop down list “**Additional Years to Project**.”
- STEP 04: Manually enter the assumed inflation (CPI) under “GROWTH ASSUMPTIONS” for each fiscal year listed on Row 21.
- STEP 05: Determine how other growth assumptions will be handled by selecting one of the following options under the “ENTRY” dropdowns that begin in Row 24:

Manual, Inflation, Rolling, or Ignore

- Choosing inflation will automatically copy and populate each fiscal year with the correct inflation rate for each year (entered in STEP 04). This is why it is important to enter inflation prior to the remaining assumptions.
- STEP 06: If “Rolling” is chosen, specify the number of rolling years of history that are to be used in the projection calculation by selecting that number under the “YEARS” dropdowns.
- Twenty “Variable Assumptions” have been added to the “Inputs” page. These assumptions can be made to represent anything the user wants. For instance different scenarios such as flat spending, moderate increases or moderate declines. The “Inflation” auto populate, the “ENTRY” and “Rolling YEARS” all work the same way as outlined above.

After you’ve finished entering all assumptions, go to the “**Exp-Rev Assoc**” tab.

- STEP 07: Simply assign an assumption to each “Expenditure Category” under “**Tied Expenditure Assumption**”.
- STEP 08: Navigate to the “**Salary Inputs**” tab and enter a percentage increase associated with each “Bargaining Unit” for each of the years listed then return to the “Inputs” tab.

Managing Salaries, Longevity Pay

All municipal positions, their bargaining unit, associated salary and longevity are managed on the “**Salaries, Longevity**” tab.

- Each fiscal year’s salary increase will automatically populate based upon the bargaining unit’s salary growth, which was entered in STEP 08 (above).
- Each “Longevity Percentage/Amount” will need to be entered manually (due to longevity being tied to each individual and their longevity).
- STEP 09: Navigate to the top of the Inputs page and choose a department (or choose “All” to project “All Departments”) using the drop down under “**Choose Department.**”
 - Please note: Wait for the model to pull in all of the appropriate data for the department that you’ve selected by allowing the “Calculating” notification found at the lower right hand corner of the window to complete (run to 100% and then disappear).
- STEP 10: Choose division (or choose “All” to project “All Divisions” after a department is already selected) using the drop down under “**Choose Division.**”
 - Please note: Wait for the model to pull in all of the appropriate data for the Department that you’ve selected by allowing the “Calculating” notification found at the lower right hand corner of the window to complete (run to 100% and then disappear).
- STEP 11: After you’ve confirmed that every field is populated press the grey control button titled “**Generate Dept./Div. Expenditure Projection**” button and wait for the model to generate your projection. Once the macro completes, a tab named “**exp_temp**” will appear.

- STEP 12: Evaluate this expenditure projection, making adjustments in cells wherever necessary.
 - Once you're finished with any edits, determine if you would like to keep this version of the projection. If you do, simply press the "**Keep Projection**" control button and a copy will be preserved (it can be deleted at any time by pressing the "**Delete Projection**" button).
 - If you do not want to keep the version, simply press the "**Delete Projection**" button.
- STEP 13: Repeat this process as many times as necessary (changing "Divisions," "Departments," "Timeframes," "Rate Assumptions," "Assumption" ties to "Categories" or any other inputs).
- STEP 14: The "Non Departmental" expenditure tab will populate separately, and include history only. All assumptions and calculations will be made on that particular sheet in Rows 2, 3 and 4. You will need to manually copy different versions of the "Non Departmental" expenditure projection.

Generating Revenue Projections

To generate versions of municipal revenues (even by department/division), start from the **Inputs** Tab:

- STEP 01: Choose a municipality using the drop down list "**Municipality.**" The model currently contains Pawtucket budget history, however, it is designed to include all Rhode Island municipalities and is scalable should new municipalities become necessary.
- STEP 02: Choose the first Fiscal Year to project using the drop down list "**FY to Begin Projection.**"
- STEP 03: Choose the number of additional years to project using the drop down list "**Additional Years to Project.**"
- STEP 04: The Variable Assumptions should be used to populate expenditure growth assumptions. By each variable assumption, determine how growth assumptions will be handled by selecting one of the following options under the "ENTRY" dropdowns.

Manual, Inflation, Rolling, or Ignore

- Choosing inflation will automatically copy and populate each fiscal year with the correct inflation rate for each year (entered in "**Generating Expenditure Projections**" STEP 04). This is why it is important to enter inflation prior to the remaining assumptions.
- STEP 05: If "Rolling" is chosen, specify the number of rolling years of history that are to be used in the projection calculation by selecting that number under the "YEARS" dropdowns. After you've finished entering all assumptions, go to the "**Exp-Rev Assoc**" tab.
- STEP 06: Simply assign an assumption to each expenditure category under "**Tied Revenue Assumption**" and then return to the "Inputs" tab.

- STEP 07: Navigate to the top of the “Inputs” page and choose a department (or choose “All” to project “All Departments”) using the drop down under “**Choose Department.**”
 - Please note: Wait for the model to pull in all of the appropriate data for the Department that you’ve selected by allowing the “Calculating” notification found at the lower right hand corner of the window to complete (run to 100% and then disappear).
- STEP 08: Choose division (or choose “All” to project “All Divisions” after a department is already selected) using the drop down under “**Choose Division.**”
 - Again, please note: Wait for the model to pull in all of the appropriate data for the department that you’ve selected by allowing the “Calculating” notification found at the lower right hand corner of the window to complete (run to 100% and then disappear).
- STEP 09: After you’ve confirmed that every field is populated press the grey control button titled “**Generate Dept./Div. Revenue Projection**” button and wait for the model to generate your projection. Once the macro completes, a tab named “**rev_temp**” will appear.
- STEP 10: Evaluate this revenue projection, making adjustments in cells wherever necessary.
 - Once you’re finished with any edits, determine if you would like to keep this version of the projection. If you do, simply press the “**Keep Projection**” control button and a copy will be preserved (it can be deleted at any time by pressing the “**Delete Projection**” button).
 - If you do not want to keep the version, simply press the “**Delete Projection**” button.
- STEP 11: Repeat this process as many times as necessary (changing “Divisions,” “Departments,” “Timeframes,” “Rate Assumptions,” “Assumption” ties to “Categories” or any other inputs).

Financial Model Maintenance

The model maintenance portion of this section covers areas of concern that include: editing model data, updating model source data, and adding entirely new account items.

When maintaining the model:

- It is highly recommended that the original (clean) model is saved on multiple machines as redundant backups.
- Copies of the model (rather than the original version) should be used for each projection series, ensuring that there will always be a “fresh” version of the model to fall back on should a formula or macro accidentally become compromised.
- The model has many calculations and macros facilitating accuracy and flexibility. This requires user patience. Please wait for macros to finish running and for calculations to complete before making edits.

Editing Model Data

To edit or make small modifications to Expenditure and/or Revenue data, navigate to the “**Inputs**” tab:

- STEP 01: Press the “**Unhide Data**” control button at the top of the page.
- STEP 02: Updates and edits can be facilitated by navigating to either “Revenue Data” or “Expenditure Data” and using the “Filter” (small black downward pointing triangle in grey boxes) in Column H.
 - Departments/divisions can also be filtered to select specific areas for adjustments using the filters in columns B and C respectively.
- STEP 03: Repeat as necessary. When complete, navigate to the “**Inputs**” tab and press the grey control button “**Hide Data**”.

Updating Model Source Data

To perform entire refreshes (adding new years, updating all data from history, etc.) to expenditure and/or revenue data, navigate to the “**Inputs**” tab:

- STEP 01: Press the “**Unhide Data**” control button at the top of the page.
- STEP 02: Open workbook titled “**Revenue-Expenditure Data Refresh Utility**” and navigate to the “**Model Input**” tab.
- STEP 03: From the model, **copy** all codes and data (beginning in cell B6 and ending at whatever row and column the final piece of data is stored).
- STEP 04: Go to the tab titled “**Model Input**” in the “**Revenue-Expenditure Data Refresh Utility**” workbook and paste the values (Alt+E+S+V) into cell B6.
- STEP 05: Go to the “**New Data**” tab in the “**Revenue-Expenditure Data Refresh Utility**” workbook and add any new data you’d like. You must enter (or paste) all codes

(“Fund,” “Department,” etc.) as well as the fiscal year as “FY 20xx” (where “xx” is the year of the data) in the blue areas.

- STEP 06: Select what you’d like the utility to do with the data in each column. You can ignore it (-), you can use the old data, or you can update it.
- STEP 07: Once you’ve made all changes, updates to the data on the “**New Data**” tab, go to the “Model Output” tab and select all of the data (beginning in cell B6 and ending at whatever row and column the final piece of data is stored).
- STEP 08: Return to the model, select cell B6 of either the revenue or expenditure data and paste the data values (Alt+E+S+V) into cell B6.
- STEP 05: Manually enter any “new” data items (defined as existing account line items for new department/divisions.)
 - Manually enter each of the following codes and descriptions: “Fund,” “Department,” “Division,” “Rev/Exp,” “Category,” “Type,” “Account,” and “Account Name”) that have populated at the bottom of the worksheet (and have extended past where the “old” data ended.)
- STEP 06: Manually enter zeroes for all years of history for the “new” data items.

Repeat STEP 02 through STEP 06 as necessary. When complete, navigate to the “**Inputs**” tab and press the grey control button “**Hide Data.**”

Adding entirely new account items:

Sometimes, entirely new line item accounts must be added to the model. The model has been designed to facilitate a number of “Brand New” accounts in a rather straightforward and simple manner. To begin, navigate to the “**Inputs**” tab:

- STEP 01: Press the “**Unhide Data**” control button at the top of the page.
- STEP 02: Press the “**Unhide References**” control button at the top of the “Inputs” page.
- STEP 03: Manually enter all “Brand New” account items (including “Fund,” “Department,” “Division,” “Rev/Exp,” “Category,” “Type,” “Account,” and “Account Name”) that have populated at the bottom of the worksheet (and have extended past where the “old” data ended.)
- STEP 06: Manually enter zeroes for all years of history for the “new” data items.
- Repeat STEP 02 through STEP 06 as necessary. When complete, navigate to the “**Ref Acct**” tab and evaluate columns “G” through “S”.
 - Each category and type is grouped in this area, and each area has “Future” lines listed at the end of each grouping.
 - Note each of the brand new account items “Category,” “Type,” and “Account” numbers.
 - Navigate to the appropriate category/type and find an unused “Future” line.

- Type over the account description of “Future Line xx.”
- Copy the data in columns “G” through “O” down into the line beside the “Future Line xx” you just created.
- Properly adjust the “Category,” “Type,” and “Account” (should only need to be “Account,” but please double check the other account tags) to match the new account item tags.

When complete, navigate to the **“Inputs”** tab and press the grey control button **“Hide Data.”**