



Receiver acts swiftly to take control of Central Falls, demoting mayor first

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By John Hill

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CENTRAL FALLS — On his first day in charge of the city's finances, retired Superior Court Judge Mark A. Pfeiffer hit the ground running.

Barely two hours into the job, the man given broad powers by state government to close a \$5-million municipal deficit stripped four-term Mayor Charles D. Moreau of power, cut his \$71,736 salary by about 63 percent and fired one of his top aides, Personnel Director Gene R. Noury.

"You can't have two leaders," Pfeiffer explained.



Retired Superior Court Judge Mark A. Pfeiffer, at a noon news conference in Central Falls City Hall, announces the personnel changes.

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The Providence Journal / Mary Murphy



Moreau

He also ordered Moreau to return his city-owned Dodge Durango vehicle, his city cell phone and any other city equipment he might have in his possession.

“You should contact my assistant,” Pfeiffer wrote in a letter that was hand-delivered to the mayor’s home Monday morning, “... to make arrangements to have your personal belongings delivered or otherwise made available to you.”

Pfeiffer’s position is unprecedented in Rhode Island history. His appointment Friday by the Carcieri administration is the first under a new state law passed last month that gives the state Department of Revenue new powers to intervene when a municipality is in financial crisis.

In extreme cases, the legislation allows a receiver appointed by the state Department of Revenue, in this case Pfeiffer, to assume the powers of a municipality’s elected or appointed officials. Their posts are not abolished, but they have no power to act.

Moreau, politically powerless, will be kept on in an advisory role. Pfeiffer cut the mayor’s salary to \$26,000 a year.

As has often been the case as the city’s financial crisis unfolded over the over past several months, Moreau was not available for comment.

Pfeiffer held a noon news conference in the City Council chambers, across the hall from the mayor’s office, to announce the personnel moves as he began assessing the city’s accounts. Even with the state paying for the city’s school system for a number of years, Central Falls has been grappling with a \$3-million deficit from last year and a projected \$5-million deficit in its current \$17.8-million municipal budget.

Pfeiffer said neither Governor Carcieri nor acting Director of Revenue Mary Booth Gallogly had given him a deadline, but he said he hoped to have a financial plan ready within three months, so the administration that appointed him and the new governor elected in November will know what to expect.

Pfeiffer said he planned no layoffs or cutbacks of rank-and-file city employees and that they and city residents should see no difference in government operations

Pfeiffer said he dismissed Noury, a former city councilman and personnel director since 2005, because his job will be done by staff Pfeiffer is bringing in. Pfeiffer will be working out of a conference room on the third floor of City Hall.

“The city appreciates the services that you have provided and wishes you the best of luck in your future endeavors,” Pfeiffer’s hand-delivered letter to Noury said.

State statute gives Pfeiffer the power to assume the authority of the City Council as well, but he said he did not foresee that being necessary.

Council President William Benson Jr. said he met with Pfeiffer early Monday morning and, based on that session, thought the council could work with him.

“If today is any example,” he said. “He didn’t seem bossy or pushy.”

Councilman James Diossa, a harsh Moreau critic, called on the mayor to resign in light of Pfeiffer’s action.

“Mayor Moreau has already done enough for our city,” Diossa said. “Now he needs to do what is best for the people of Central Falls — step aside and let the recovery begin.”

Benson dismissed that suggestion, saying, “that’s not the answer to anything.”

Besides the deficits, Moreau’s administration has been the target of months-long state and federal corruption investigations.

Pfeiffer said the probes would have no effect on his duties. He said he hadn’t been briefed on them, hadn’t asked to be and didn’t expect to be.

Pfeiffer said he announced his assumption of the powers of the mayor’s office because it was important for city employees, the state and the nation’s financial community to understand who is in charge of the city’s accounts.

Pfeiffer’s description of Moreau’s new advisory role appeared to be a don’t-call-me-I’ll-call-you system. Pfeiffer said Moreau’s input would be “only such advice as I shall seek.”

Moreau surrendered his city vehicle and it was parked in the City Hall lot by 11 a.m., next to a state police car. The parking space marked “mayor” was empty.

It was a dramatic fall for the four-term mayor who won reelection last November by an almost 4-to-1 ratio. Although Pfeiffer’s announcement made Moreau’s removal from power obvious, the mayor had in essence lost day-to-day control of city government May 19, when, at his urging, the city filed for a state court receivership, which is the equivalent of federal bankruptcy protection.

Superior Court Judge Michael A. Silverstein appointed Pawtucket lawyer Jonathan Savage as a temporary receiver at that point, but his efforts were put in limbo when the governor and the legislature announced their intentions to take control through legislation.

Gallogly said the city’s receivership filing, without any prior notification to state government, alarmed the nation’s municipal-bond rating agencies, which told the state they were worried other municipalities might follow suit to avoid paying their debts, such as bonds. She said the rating agencies warned they might grade all Rhode Island municipal debt more severely because of that, which could affect the availability of money and borrowing costs.

In response, the state enacted the law that banned municipalities from seeking bankruptcy. Pfeiffer pointed out that the law does not give him the ability to impose new

contracts on the city's unions; any changes will have to be negotiated. He said he was hoping to meet with union officials soon and said his 21 years as a judge prepared him for that.

"Every day you're on the Superior Court bench, you're mediating something," he said.

Lawyers for two of the city's unions said Pfeiffer's presence would improve the bargaining climate. Marc B. Gursky, who represents the firefighters, said Pfeiffer was considered a fair judge for unions and employers.

"His reputation as a judge is beyond question," Gursky said.

Joseph F. Penza Jr., the lawyer representing the city's police union, said Moreau's filing for bankruptcy protection about a month after getting concessions from the unions had seriously damaged his credibility. Pfeiffer was different, he said.

"I have a great deal of respect for Judge Pfeiffer," Penza said. "If he says 'A,' it's 'A.' That's the big thing I'm looking forward to."

TIMELINE Financial Control

May, 19, 2010: At Mayor Charles D. Moreau's urging, the city files for state court bankruptcy protection and it is granted. That removes the mayor's control over city spending and gives it to a court-appointed lawyer.

June 11, 2010: The General Assembly passes legislation to put the finances of distressed communities under state review and possible control by the Department of Revenue.

July 16, 2010: State announces retired Superior Court Judge Mark A. Pfeiffer will be in control of Central Falls' finances, working with the Department of Revenue.

July 19, 2010: Pfeiffer, on his first day, strips Moreau of powers, cuts his salary.

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