

2001 BUDGET ADDRESS

MAYOR VINCENT A. CIANCI, JR.

MAY 1, 2000

COUNCIL PRESIDENT LOMBARDI, HONORABLE MEMBERS OF THE PROVIDENCE CITY COUNCIL,
LADIES AND GENTLEMEN:

PROVIDENCE IN THE YEAR 2000 IS A STRONG AND PROSPEROUS CITY. PROPERTY VALUES ARE INCREASING IN EVERY NEIGHBORHOOD, AND EMPLOYMENT IS ON THE RISE. MORE THAN TWO BILLION DOLLARS OF CONSTRUCTION HAS TAKEN PLACE IN A DECADE'S TIME -- MORE THAN EVER BEFORE. THE CRIME RATE IN OUR CITY HAS FALLEN TO ITS LOWEST LEVEL IN A GENERATION. IN A REGION WHERE ALL ROADS LEAD TO PROVIDENCE, MILLIONS OF PEOPLE FLOCK TO OUR CITY TO ENJOY OUR RESTAURANTS, OUR THEATERS, OUR FASHIONABLE STORES, OUR ELEGANT ARCHITECTURE, AND INSPIRING PRODUCTIONS OF *WATERFIRE*.

YES, WE ALSO HAVE OUR CONTROVERSIES. WE WILL LEARN FROM THEM, AND BE A STRONGER CITY AS A RESULT. BUT -- EVEN AS WE GRIEVE, CORRECT, AND REFORM -- WE MUST NOT LOSE SIGHT OF ALL WE HAVE ATTAINED AS A COMMUNITY. AND WE MUST NOT LOSE SIGHT OF THE NEW PRIORITIES THAT WILL DOMINATE THE CITY'S AGENDA FOR DECADES TO COME.

ONCE PROVIDENCE WAS DISMISSED AS A FACTORY TOWN WITH EMPTY MILLS AND EXITING POPULATION; BUT IN THE YEAR 2000 WE ARE JUSTLY CALLED A "RENAISSANCE CITY," WITH EVIDENCE EVERYWHERE OF RENEWAL AND REBIRTH. IN THE TIME OF A GENERATION, WE HAVE MADE OUR STREETS SAFER, WE HAVE CREATED A MAGNIFICENT NEW MARKETPLACE FOR THE PROVIDENCE REGION, WE HAVE INVESTED MILLIONS FOR THE IMPROVEMENT OF OUR NEIGHBORHOODS, AND WE HAVE MADE OUR CITY AN IMPORTANT CENTER OF ENTERTAINMENT AND THE ARTS.

NOW WE ARE PREPARING FOR THE NEXT CHAPTER IN THE RENAISSANCE OF OUR HISTORIC CITY. TODAY, I WILL ADDRESS THREE OF MY FOREMOST PRIORITIES.

FIRST, WE MUST CONTINUE THE VITAL WORK OF REVITALIZING OUR NEIGHBORHOODS AND REBUILDING PROPERTY VALUES. I HAVE PROPOSED THAT WE PREPARE ANOTHER MAJOR BOND ISSUE FOR THIS PURPOSE. I AM SURE THAT THE HONORABLE MEMBERS OF THE CITY COUNCIL AGREE WITH ME WHEN I SAY, "THERE IS SO MUCH MORE WORK TO BE DONE."

SECOND, WE MUST CONTINUE TO REVITALIZE OUR ECONOMY, COMPETING ON A REGIONAL AND NATIONAL BASIS FOR THE HIGHEST-QUALITY REAL ESTATE INVESTMENTS. IN CAPITAL CENTER, WE SHOWED THAT WE COULD RECLAIM AN OLD INDUSTRIAL SITE, TRANSFORMING A FORMER RAILROAD YARD INTO AN URBAN SHOWPLACE. EVEN GREATER OPPORTUNITIES LIE AHEAD. I REFER TO THE POLLUTED, INDUSTRIAL WATERFRONT ALONG ALLENS AVENUE; TO THE VALLEY OF CRUMBLING MILLS RUNNING FROM PROVIDENCE PLACE TO PLEASANT VALLEY PARKWAY; AND TO THE CONGESTED CORRIDOR WHERE WEST BROADWAY AND FEDERAL HILL FRONT ON ROUTE 95. NEXT MONTH, WE WILL BE UNVEILING DRAMATIC NEW PLANS FOR DEVELOPING ALL THREE OF THESE NEGLECTED NEIGHBORHOODS – AREAS THAT WE CALL THE NEW CITIES OF PROVIDENCE.

MY THIRD TOP OBJECTIVE IS TO CREATE ONE OF THE MOST PROGRESSIVE, AND BEST-PERFORMING URBAN SCHOOL SYSTEMS IN THE COUNTRY. WE ALL KNOW HOW IMPORTANT COMMUNITY SCHOOLS ARE TO THE VITALITY OF NEIGHBORHOODS. WE HAVE PROPOSED THE MOST AMBITIOUS AGENDA OF SCHOOL REFORM IN URBAN AMERICA. TOGETHER, WE WILL FINANCE, ENACT AND IMPLEMENT THAT AGENDA – AND WE WILL GIVE OUR CHILDREN THE GREATEST OF GIFTS....THE GIFT OF A FIRST-RATE EDUCATION.

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IN SETTING OUR PRIORITIES FOR THE ISSUANCE OF BONDED DEBT, WE MUST CHOOSE WISELY. I CAN THINK OF NO BETTER INVESTMENT THAN ONE THAT RENEWS THE MUNICIPAL FOUNDATION OF NEIGHBORHOODS – STREETS, SIDEWALKS, PARKS, PLAYGROUNDS, AND LOCAL SHOPPING CENTERS. NEIGHBORHOODS ALSO BENEFIT FROM THE REMOVAL OF DETERIORATED STRUCTURES, AND FROM THE OFFER OF LOANS TO RESIDENTS ON FAVORABLE TERMS FOR HOUSING REHABILITATION.

THE FIRST BOND ISSUE OF 50 MILLION DOLLARS HAS DONE A GREAT DEAL OF GOOD. EVEN THOUGH SOME OF THE FUNDS REMAIN, WE HAVE ALREADY REFURBISHED MORE THAN 6,000 PARKS,

PLAYGROUNDS, STREETS, SIDEWALKS AND HOMES. IN THE PERIOD OF TIME THAT THESE PUBLIC FUNDS HAVE BEEN PUT TO WORK, PROPERTY VALUES IN ALL SECTIONS OF THE CITY HAVE STAGED A REMARKABLE RECOVERY. IN FACT, AVERAGE SALE PRICES IN MOST NEIGHBORHOODS EQUAL OR EXCEED THE AVERAGE ASSESSED VALUES FROM THE REAL ESTATE BOOM OF THE 1980S. THIS IS NOT A PHENOMENON OF THE EAST SIDE ONLY. IN FACT, THE SOUTH AND WEST SIDES OF THE CITY CAME IN A CLOSE SECOND TO THE EAST SIDE.

WE ESTIMATE THAT THE TURNAROUND IN PROPERTY VALUES AMOUNTS TO ONE BILLION DOLLARS OVER THE LAST FOUR YEARS. THE STRONG ECONOMY, AND FAVORABLE INTEREST RATES, UNDOUBTEDLY HELPED TO PRODUCE THIS RESULT. WE BELIEVE, HOWEVER, THAT THE INVESTMENT IN THE PUBLIC INFRASTRUCTURE OF OUR NEIGHBORHOODS, AND THE SOARING NATIONAL REPUTATION OF PROVIDENCE, HAVE BEEN THE LEADING GENERATORS OF THE BILLION-DOLLAR RECOVERY.

THE MESSAGE IS CLEAR: INVESTMENTS IN NEIGHBORHOODS DO NOT GO UNREWARDED. I URGE THE CITY COUNCIL TO JOIN ME IN ASKING THE PEOPLE'S APPROVAL THIS NOVEMBER FOR A NEIGHBORHOOD-BASED BOND ISSUE UP TO 50 MILLION DOLLARS IN VALUE.

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DOWNTOWN, OUR INVESTMENT OF 15 MILLION DOLLARS IN CAPITAL CENTER HAS PAID FOR ITSELF MANY TIMES OVER. THE NEW CONVENTION CENTER AND THE NEW MALL ALONE REPRESENT ALMOST A BILLION DOLLARS OF NEW CONSTRUCTION. AS WE TURN OUR SIGHTS TO THE NEW CITIES, IT IS CLEAR THAT OUR GREATEST OPPORTUNITY LIES IN TRANSFORMING OUR GREAT RIVERFRONT CORRIDORS. THINK OF THE WOONASQUATUCKET RIVER, AS IT WINDS FROM OLNEYVILLE SQUARE TO PROVIDENCE PLACE; THINK OF THE PROVIDENCE RIVER, AS IT SWEEPS FROM THE FINANCIAL DISTRICT TO THE CRANSTON BORDER: HERE IS WHERE THE NEW CITIES WILL MAKE THEIR GREATEST CONTRIBUTION TO OUR FUTURE PROSPERITY.

NEW CITIES IS AN OPPORTUNITY FOR OUR GENERATION TO MAKE AN INVESTMENT OF ENORMOUS LASTING VALUE THAT FUTURE GENERATIONS WILL THANK US FOR.

IN BOSTON, ONE HUNDRED AND FIFTY YEARS AGO, VISIONARY LEADERS EMBARKED ON AN ENTERPRISE OF COMPARABLE AMBITION: THE RECLAMATION AND RENEWAL OF THE 500-ACRE BACK BAY. OVER A 60-YEAR PERIOD, THE POLLUTED MUD FLATS OF THE BACK BAY WERE FILLED IN, THE TIDAL FLOW OF THE CHARLES RIVER WAS BROUGHT UNDER CONTROL, AND A GREAT RIVERFRONT PARK KNOWN AS THE ESPLANADE WAS CREATED. JUST THINK HOW VALUABLE THE BACK BAY IS TODAY – FOR ITS ECONOMIC CONTRIBUTION, FOR RECREATION AND TOURISM, AND FOR ITS WONDERFUL PARK LANDS, BOULEVARDS, STATELY TOWNHOUSES AND LANDMARK CHURCHES.

TODAY, WE IN PROVIDENCE HAVE THE SAME OPPORTUNITY TO TRANSFORM OUR CITY, TO RECLAIM THE MAGNIFICENT SHORELINE THAT HAS BEEN POLLUTED BY A CENTURY OF INDUSTRY, TO BUILD A MUCH BETTER CITY AT THE HEAD OF NARRAGANSETT BAY. WHAT A WONDERFUL GIFT THIS WILL BE TO THE GENERATIONS OF RHODE ISLANDERS WHO WILL BENEFIT FROM OUR FORESIGHT AND DETERMINATION.

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HOWEVER, WE WILL NOT FULLY ACHIEVE OUR AMBITIONS FOR THE CITY OF PROVIDENCE UNLESS WE EXTEND THE RENAISSANCE TO OUR PUBLIC SCHOOLS.

TWO YEARS AGO, I PUT THE CITY ON A PATH THAT LED TO THE SELECTION OF ONE OF AMERICA’S MOST RESPECTED EDUCATORS AS OUR NEW SUPERINTENDENT OF SCHOOLS.

SINCE TAKING UP HER DUTIES LESS THAN ONE YEAR AGO, DIANA LAM HAS CREATED AN EXTREMELY AMBITIOUS EDUCATIONAL AGENDA FOR PROVIDENCE. OUR OBJECTIVE IS NO LESS THAN THE COMPLETE TRANSFORMATION OF THE PROVIDENCE PUBLIC SCHOOLS.

WE BELIEVE PROVIDENCE IS CAPABLE OF RAISING THE ACHIEVEMENT OF EVERY CHILD, SO THAT 100 PERCENT OF OUR STUDENTS MEET STATE PERFORMANCE STANDARDS WITHIN A LIMITED NUMBER OF YEARS. WE BELIEVE PROVIDENCE IS CAPABLE OF BECOMING THE BEST-PERFORMING URBAN SYSTEM IN AMERICA.

JUST THINK WHAT THIS WILL MEAN FOR THE PEOPLE OF PROVIDENCE. WE HAVE THE OPPORTUNITY TO MAKE THE PUBLIC SCHOOLS ONE OF OUR MOST IMPORTANT ASSETS -- ONE OF THE MOST IMPORTANT REASONS THAT FAMILIES CHOOSE TO LIVE IN OUR CITY. WE WILL HAVE THE OPPORTUNITY TO CHANGE THE LIVES OF THOUSANDS OF CHILDREN -- OPENING DOORS THAT WOULD OTHERWISE BE CLOSED. WE WILL HAVE THE OPPORTUNITY TO CREATE A BETTER- EDUCATED WORK FORCE -- A WORK FORCE THAT WILL KEEP PROVIDENCE COMPETITIVE IN THE NEW, KNOWLEDGE-BASED ECONOMY OF THE 21ST CENTURY.

OF COURSE, IT WILL BE VERY EXPENSIVE TO RESTRUCTURE AN ENTIRE SCHOOL SYSTEM -- TO CHANGE THE WAY MORE THAN 2,000 TEACHERS EDUCATE MORE THAN 26,000 STUDENTS IN MORE THAN 50 SCHOOL BUILDINGS. IT WILL COST 18.5 MILLION DOLLARS THIS YEAR TO IMPLEMENT A NEW EDUCATIONAL AGENDA FOR PROVIDENCE. THIS IS ON TOP OF THE INCREASE IN OPERATING EXPENSE, WHICH IS ESTIMATED AT 26 MILLION DOLLARS.

ONLY THE STATE GOVERNMENT HAS THE FINANCIAL CAPACITY TO UNDERWRITE EXPENDITURES OF THIS MAGNITUDE. BY THE STATE'S OWN RECKONING, PROVIDENCE ALREADY HAS THE HIGHEST TAX EFFORT OF ANY RHODE ISLAND COMMUNITY. YET OUR TAX CAPACITY IS ALSO ONE OF THE LOWEST IN RHODE ISLAND. PROVIDENCE HAS RECRUITED A NATIONALLY RESPECTED EDUCATOR, AND HAS PREPARED THE GROUND FOR SWEEPING IMPROVEMENTS IN EDUCATION. AT A TIME WHEN THE ECONOMY IS STRONG, AND THE STATE'S COFFERS ARE FULL, THE STATE GOVERNMENT MUST STEP FORWARD WITH THE NECESSARY FUNDING.

LET ME POINT OUT THAT NO COMMUNITY IS MORE IMPORTANT THAN PROVIDENCE IN FILLING THE STATE'S COFFERS.

OUR ECONOMY GENERATES ONE-THIRD OF ALL THE PAYROLL THAT IS TAXED BY THE STATE. THAT PAYROLL: MORE THAN FOUR BILLION DOLLARS A YEAR. OUR GREAT COLLEGES AND HOSPITALS GENERATE TENS OF MILLIONS IN TAX REVENUE FOR THE STATE, BUT NOTHING FOR THE CITY. FURTHERMORE, OUR NEW SHOPPING MALL IS ATTRACTING MILLIONS OF NEW SHOPPERS FROM MASSACHUSETTS AND OTHER STATES. THESE NEW SHOPPERS ARE GENERATING SIGNIFICANT NEW SALES TAX REVENUE FOR THE STATE OF RHODE ISLAND AS WELL.

IT IS ALSO IMPORTANT TO RECOGNIZE THAT THE FOUR CENTRAL CITIES OF RHODE ISLAND – PROVIDENCE, PAWTUCKET, WOONSOCKET AND CENTRAL FALLS – HAVE ALMOST ONE-THIRD OF ALL THE STUDENTS IN THE STATE. THEREFORE, THE CITIES PRODUCE ONE-THIRD OF THE ADULT WORK FORCE AS WELL. THE WORK FORCE OF THE 21ST CENTURY MUST BE WELL-TRAINED AND EDUCATED. TO STRENGTHEN THE ECONOMIC POTENTIAL OF THE STATE, WE MUST STRENGTHEN THE EDUCATIONAL CAPACITY OF THE CITIES. PROVIDENCE HAS THE LEADERSHIP, THE MASTER PLAN, AND THE UNITY: NOW I SAY TO THE RHODE ISLAND LEADERSHIP, INVEST IN YOUR CAPITAL CITY.

THE BUDGET I HAVE SUBMITTED ASSUMES THAT THE STATE OF RHODE ISLAND PAYS 100% OF THE ADDITIONAL OPERATING COST OF THE PROVIDENCE PUBLIC SCHOOLS. HOWEVER, THE CITY OF PROVIDENCE IS PREPARED TO PROVIDE A SIGNIFICANT SHARE OF THE REVENUE NEEDED FOR THE SCHOOL REFORM AGENDA. I BELIEVE THAT THE CITY AND STATE SHOULD BE SIGNATORIES OF AN EDUCATIONAL COMPACT FOR THIS PURPOSE. THE COMPACT WOULD LAY OUT THE RESPONSIBILITIES OF ALL THE PARTIES, AND ESTABLISH GOALS FOR THE IMPROVEMENT IN STUDENT PERFORMANCE. THE COMPACT WOULD ALSO PROVIDE FOR AN EQUITABLE SHARING OF COSTS BETWEEN THE CITY AND STATE. AS MEMBERS OF THE CITY COUNCIL ARE AWARE, NEGOTIATIONS REGARDING THE COMPACT ARE ALREADY UNDERWAY.

THE YEAR 2000 WILL BE TRULY A MEMORABLE YEAR FOR THE CITY OF PROVIDENCE. IT IS THE YEAR THAT CONSTRUCTION ON OUR WONDERFUL NEW SHOPPING CENTER WILL BE COMPLETE. IT WILL BE THE YEAR WHEN THE VISION OF THE NEW CITIES COMES INTO VIEW. AND IT WILL BE THE YEAR WHEN PROVIDENCE BECOMES A NATIONAL LEADER IN REFORMING OUR URBAN PUBLIC SCHOOLS.

THE TIME TO REFORM OUR EDUCATION SYSTEM IS NOW. THERE'S TOO MUCH AT STAKE TO USE A GRADUAL, PIECEMEAL APPROACH. EDUCATORS TELL US THAT A CHILD'S FIRST THREE YEARS IN SCHOOL DETERMINE, TO A SIGNIFICANT EXTENT, HOW WELL THE CHILD WILL DO IN SUBSEQUENT YEARS. WE DO NOT HAVE THE TIME TO WAIT. THOUSANDS OF YOUNG CHILDREN ARE LOOKING UP TO US, EAGER TO LEARN. CAN OLNEYVILLE OR SOUTH PROVIDENCE OR THE WEST END AFFORD TO WAIT? I THINK NOT. I CALL ON THE SCHOOL BOARD, THE CITY COUNCIL, THE PROVIDENCE DELEGATION, AND COMMUNITY LEADERS TO JOIN THE SUPERINTENDENT AND ME IN OUR QUEST FOR

STATE FUNDING. OUR PLAN IS SOUND, OUR OBJECTIVE IS JUST, AND THE FUTURE OF OUR CHILDREN IS AT STAKE.

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THE MUNICIPAL SIDE OF THE CITY BUDGET IS DOMINATED BY THREE SIGNIFICANT INCREASES IN EXPENDITURE: THE INCREASED COST OF UNION SALARIES, HEALTH INSURANCE, AND PENSION CONTRIBUTION. THESE THREE ITEMS ALONE ACCOUNT FOR 11 MILLION DOLLARS OF INCREASED EXPENDITURE.

FOR SEVERAL YEARS, WE WERE ABLE TO PREVENT OUR HEALTH AND PENSION COSTS FROM RISING RAPIDLY. HOWEVER, FORCES BEYOND OUR CONTROL ARE PUSHING UP THESE COSTS ONCE AGAIN.

AS YOU KNOW, THE RHODE ISLAND SUPREME COURT RECENTLY ISSUED THE FINAL RULING REGARDING PENSION COLAS FOR CITY RETIREES. THIS ENDED A DECADE OF LITIGATION ON A POSITIVE NOTE. HENCEFORTH, ONLY THOSE WHO RETIRED BEFORE 1991 WILL RECEIVE COLAS AS HIGH AS 6% A YEAR.

THE SUPREME COURT RULING ROUGHLY CUT IN HALF OUR PENSION LIABILITY. ACCORDING TO OUR ACTUARY, WE HAVE SAVED THE TAXPAYERS 600 MILLION DOLLARS OF PENSION CONTRIBUTIONS OVER THE NEXT 30 YEARS.

HOWEVER, MEETING THE 1991 STANDARD WILL COST THE CITY MORE THAN IT IS NOW CONTRIBUTING TO THE PENSION FUND. WE WILL HAVE TO INCREASE OUR PENSION CONTRIBUTION IN EACH OF THE NEXT FOUR YEARS IN ORDER TO BRING THE CITY TO THE REQUIRED LEVEL.

HEALTH INSURANCE COSTS ARE ALSO RAPIDLY INCREASING AGAIN, AFTER SEVERAL YEARS OF STABLE COSTS. WE ARE ALL AWARE OF THE FINANCIAL PROBLEMS IN THE HEALTH SECTOR THAT HAVE PUSHED UP PRICES FOR THE CONSUMER. THE COST TO OUR GENERAL FUND WILL GO UP THIS YEAR BY CLOSE TO FOUR MILLION DOLLARS.

PAYROLL COSTS ARE ALSO INCREASING BY \$3.6 MILLION THIS YEAR. MOST OF THE INCREASE IS ATTRIBUTABLE TO THE TWO YEARS OF RAISES THAT WE APPROVED AS PART OF THE LABORERS CONTRACT.

BECAUSE OF THESE LARGE, UNAVOIDABLE INCREASES IN MUNICIPAL COSTS, THE CITY NEEDS A TAX INCREASE OF \$1.50 FOR FISCAL 2001. THIS MODEST INCREASE IN THE TAX RATE WILL COST THE TYPICAL HOMEOWNER LESS THAN \$100 A YEAR. LET ME POINT OUT THAT, SINCE 1991, THE TAX LEVY HAS GROWN BY ONLY ABOUT 3% A YEAR. THIS PLACES US WELL BELOW THE STATE AVERAGE, WHICH IS MORE THAN 4% A YEAR.

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IN THE YEAR 2000, THERE IS MUCH WE CAN BE THANKFUL FOR. THE BEAUTIFUL CITY WE ARE PROUD OF TODAY IS A FAR CRY FROM THE CITY I BEGAN TO LEAD, A QUARTER OF A CENTURY AGO. OVER THAT SPAN OF TIME, WE CAME TOGETHER AS A COMMUNITY, AND CREATED SOMETHING REALLY SPECIAL. NOW WE WILL TAKE ANOTHER LEAP FORWARD – BRINGING OUT THE BEST IN OUR NEIGHBORHOODS, MAKING OUR SCHOOLS THE BEST URBAN SYSTEM IN AMERICA, RECLAIMING THE NATURAL BEAUTY OF A CITY AT THE HEAD OF NARRAGANSETT BAY.

YESTERDAY, THESE WERE ONLY DREAMS. TODAY, WE HAVE THE STRENGTH AND RESOLVE TO CREATE A WONDERFUL RENAISSANCE FOR FUTURE GENERATIONS TO ENJOY. I AM CONFIDENT THAT WE AS A CITY CAN LEARN FROM OUR MISTAKES, TAKE CORRECTIVE ACTION, AND FACE THE GREAT CHALLENGES OF THE FUTURE AS A UNITED PEOPLE.

JUST THINK OF THE CITY WE CAN BECOME. A CITY THAT HAS CAST OFF ITS INDUSTRIAL PAST, AND FORGED A NEW FUTURE FOR ITSELF. A CITY THAT CREATES A NEW HARMONY WITH ITS NATURAL SETTING, WITH FREE-FLOWING RIVERS AND EVER-WIDENING BAY. A CITY THAT RECEIVES IMMIGRANT FAMILIES FROM FAR DISTANT SHORES, AND CREATES LIMITLESS POSSIBILITIES FOR THEIR CHILDREN IN THE PUBLIC SCHOOLS. A CITY WHOSE BEST YEARS ARE NOT IN THE HISTORY BOOKS, BUT ARE UNFOLDING FOR TODAY'S GENERATION. THIS IS THE CITY PROVIDENCE IS BECOMING, AND IT IS MY HONOR TO LEAD.

Vincent A. Cianci

Mayor

May 1, 2000