



Executive Chamber, City of Providence, Rhode Island

Vincent A. Cianci, Jr.
MAYOR

May 15, 1978

To The Honorable
The City Council
City of Providence
City Hall
Providence, Rhode Island 02903

Ladies and Gentlemen:

In offering to you this fifth budget message of my administration, and the first in this my second term of office, I am mindful of the difficult economic times in which we find ourselves, of the impact on all that we do of both the state and the national economies, and the almost incredible increase in the inflation rate that now grips us all. Every citizen in our community knows full well what double digit inflation does to his pay check, to the quality of life which he seeks for his family and for himself, and to the kind of municipal services which he as a taxpayer has a right to expect from those whom he has elected to serve him. This is why I am extremely proud that the budget I am proposing to you now is a balanced budget, with a sound fiscal basis for all of our revenues, and a highly responsible and thoughtful proposal for expenditures that will maintain municipal services at an efficient level, and continue our prudent decision to reduce our deficit.

This budget reaffirms our commitment to the sound fiscal management of our city's resources and to the maximum use of every tax dollar to enhance the quality of life within our community, and it does so without raising taxes. To have been able to begin a new fiscal year, beset by substantial increases

in energy costs and in prices for all equipment and services required to sustain full municipal services, and not to ask our fellow citizens for one penny more in taxes, has required us to evaluate every facet of our governmental operations and to continue to act with accountability in all that we do. With an extension of our present freeze on hiring, and with the firm cooperation of the legislative branch of our municipal government to maintain our expenditures at prudent levels, I am confident that we can continue to serve our fellow citizens with reason and responsibility.

Specifically, in order to meet the needs of the City of Providence for this next fiscal year of 1979-1980, I present to you a budget totalling \$117,978,739 in expenditures, an extremely modest increase over the previous fiscal year, and which clearly indicates our continuing commitment to responsible stewardship of taxpayers' monies. Our revenues for this period will total \$118,986,439, reflecting better collection of our tax dollars by my administration, and a growth in our tax base occasioned by the impact of our revitalization of this city on many, many fronts. I might add that the extremely forward-looking programs that have been engendered by this administration in these past years are now bearing fruit in return to our neighborhoods of excellent housing, the redevelopment and development of our central business district, and the excellent start we are making in providing a better industrial and business climate for all who would seek to be located or relocated in this community.

Our recent proposal to begin the Providence Industrial Development Corporation to identify and develop, or even redevelop, if need be, industrial properties within the city will substantially enhance the business capacity of our community. And in welding a partnership between the public and private sector in yet another nonprofit venture on behalf of our citizens, we intend to expand

our efforts here in the central business district and throughout the City. Such actions, I might add, go hand in glove with all that we have been doing to realize the new Federal Building, the Concordia Convention Center development, the new 1,000-car garage, the substantial growth of the Empire Street area by new construction on various fronts by private industry, the realization of the Westminster Center redevelopment, the recent opening of the Biltmore Plaza, the coming redevelopment of the auto-restricted zone and Union Station, and the Canada Square/Industrial National Bank Tower.

Throughout the rest of our community, we have painted approximately seventeen hundred residences and brought them into excellent condition, provided community centers in almost every single neighborhood where the numerous programs of social services, health care, and educational and recreational activities have most assuredly enhanced the quality of life now being experienced by all of our fellow citizens. These improvements for people, and for capital expenditures, too, have reflected the excellence of all that we do, and the modest 5.9% charge, a triple A rate, for our recent \$15 million bond issue, clearly indicates the soundness of our fiscal management and our fiscal condition. Few capital cities, and few cities of comparable size have attained this sound reputation in the financial circles of this country, and we value this support for all who would share in the growth of this city of ours.

As I stand before you tonight, I am pleased to inform you that through prudent and conservative fiscal management, we shall close our books on June 30, 1979 with a modest surplus, reflecting our unwavering commitment to accountability in all that we do.

At this time in our preparations and planning for the next fiscal year, we have not as yet reached contract settlements with the four unions that currently comprise the major portion of our municipal employees -- police and fire, school teachers, and all

who are members of our laborers' union. I am mindful of their concern about this new budget and the impact of their wage demands on all that we do in maintaining our fiscal responsibility to the taxpayers of this city. In past years, we have worked out appropriate contracts that have respected their professional service and obvious needs, and that have been within the limits of fiscally sound actions by those who must make budgetary decisions for the community. Nevertheless, I am confident that in adhering to the guidelines established for us by President Carter of seven percent (7%) increases in wages and fringe benefits, we can balance our budget, even though projecting an addition of approximately \$4.2 million that would more than likely be the result of these increases for all of our municipal employees. This additional funding will be achieved in the following manner.

First, we shall continue to retain the freeze on all hiring practices in this administration, thus not filling some seventy vacant positions in municipal employment. This action will realize some \$750,000 in wages and fringe benefits. Secondly, we shall keep vacant those positions that will accrue to us through a very conservative loss of some two hundred employees, who will leave municipal employment through retirement, death, transfer, or relocation of families. As you well know, such employee losses in the past have clearly been well above this number, but our reasonable and conservative estimate will realize a savings in our expenditures of approximately \$1,500,000 for the coming fiscal year. Such employment practices as a freeze on hiring and a decision to keep vacant those municipal positions that are the result of several factors, will in no way adversely affect the careers of the many dedicated public servants who serve their fellow citizens so effectively. The City of Providence

is rich in the unusually high quality of its municipal employees, and we have the deepest respect and admiration for our many colleagues in city government and for their dedication to excellence in all that they do for their fellow citizens. Thirdly, we shall seek to collect from the Water Supply Board of the City of Providence, upon the realization of its rate-increase application, approximately \$500,000, expended by the City in previous fiscal years for expenditures in service and in direct costs to us for computer time, data processing costs, billing activities, public works charges, communications repairs, and collection costs. Add to this sum approximately \$500,000 more, which we shall bill to and seek to collect from the Water Supply Board for the continuation of such necessary services in fiscal 1979-1980. This action, I might point out, is the result of a strong recommendation set forth in a thorough study of the Providence Water Supply Board made by the independent certified public accounting firm of Laventhol and Horwath, and initiated by my administration, and an integral part of the rate-increase application that is presently on appeal before the Supreme Court of the State of Rhode Island from the decision of the Public Utilities Commission. In this case, the City is being represented by City Solicitor Ronald H. Glantz and Water Supply Board attorney, William J. McGair. Finally, our budgeted revenues in excess of expenditures, which is to be considered a reserve for wage and salary increases, and amounting to slightly over \$1,000,000, will afford the additional funding necessary to cover the approximately \$4.2 million, which is an amount that is the maximum allowed for wages and salary increases within the President's guidelines.

We might very well have sought other means to reach this goal of a balanced budget, such as neglecting the reduction of our

deficit. Having already reduced this deficit through a line item in the 1978-1979 budget by \$500,000 we fully intend to continue this practice in the new fiscal year. Thus, you will note very carefully that we have continued this item in the 1979-1980 budget of an additional \$500,000 to be used to reduce this deficit even further.

Furthermore, we have continued our concern for the magnificence of our greatest natural resource, Narragansett Bay, by adhering to the request of the Environmental Protection Agency for an engineering study of this important element to the entire State of Rhode Island. Thus, within this budget is the sum of \$280,000 as our share of the engineering study of the Bay, reflecting our own efforts to seek ways to correct a serious condition that we have inherited from decades of neglect.

It is apparent to us that the sale of surplus municipal property in this community may realize additional funds for use by the city in providing additional service to our fellow citizens. Indeed, some of these sales in the future may prove to be for substantial sums of money. But it is our intent to utilize, whenever possible, such receipts from sales of our surplus municipal property to reduce our deficit even further, and to add to our expenditures only through the increase in our tax base and the realization of our programs that we believe will make this city even more productive for its citizens, and for those who choose to be part of our industrial and commercial growth.

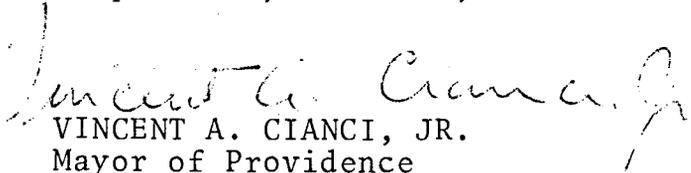
This budget is fiscally sound and morally responsible, reflecting a truly modest two percent (2%) growth in a time when such modesty and such fiscal soundness seem to be the exception rather than the rule. This balanced budget reflects the growing conviction on my part that all that we have planned to do for this community has been thoughtfully prepared, courageously offered to my fellow citizens and to all who would share in our

future, and found to be most acceptable.

I look forward to the days ahead with even more anticipation, convinced that the outlines of the city that we are now seeing will soon be filled in with daring and solid achievements, all to the advantage of all of our citizens. I ask for your continued cooperation in realizing our common goal.

Ladies and gentlemen of the Providence City Council, I respectfully submit this budget to you for your review and approval.

Respectfully submitte,


VINCENT A. CIANCI, JR.
Mayor of Providence

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