

Council President Fagnoli, members of the Providence City Council, ladies and gentlemen:

As the present era wanes, and the new century beckons, there is a new sense of hope and optimism for the fair city of Providence. The fate of so many great cities is shrouded in darkness -- but Providence is held forth as a shining example of a city reborn. How hard we have worked to cast off our image as a grimy city of mills. How far we have come. Today we are a city of learning, medicine, the fine arts and finance. We are a city of grand and fanciful architecture -- our skyline is dotted with domes, arches, towers and spires. We are a city of many languages, with a marvelous blend of peoples from lands far, far away. And we are a city of artists -- at work in the kitchens of gourmet restaurants, in the solitary spaces where painters and sculptors toil, in the uplifting dance studios of

Downcity, and on the well-trod stages of Trinity Rep. In a word, we are a “renaissance city.” That’s what we are called, in publications and broadcast studios across America.

It has taken a generation to re-shape and re-form our city. We relocated the main trackage of our national railroad. We re-channeled the three rivers that Roger Williams first spied more than 350 years ago. We plotted a new course for an interstate highway that blocks our path to the sea. We reversed the outward flow of retail investment, and the raw girders of steel, rising in the river plain to the north, will soon become Providence Place. I ask you, how many cities have lost an entire segment of their economy – and regained it within a generation? This we have done.

I rise in this great chamber to recount and to savor our accomplishments. But I

also rise to sound a call to action. New social and economic trends are causing this city significant harm. To preserve our gains, Providence must respond to new challenges with the same energy, the same vision, and the same unity, that have brought us rich rewards until now.

I refer to the astonishing growth of student enrollment in our public schools, and to the totally insupportable cost of this vital service. I refer to the tax burdens that weigh so heavily on the owners of our homes, offices and stores. I refer to the great needs – to rebuild neighborhoods, replenish our public infrastructure, and give equal opportunity to the children in our schools. Providence is financially incapable of meeting these needs.

Providence is not alone. Cities as diverse as Providence and Warwick, Newport and Central Falls, share many of

the same urban problems. At last, the cities have agreed to join together and form an “Urban Alliance.” Next week, the Mayors of the ten urban communities will hold an historic meeting at the State House. We will endorse an Urban Agenda for the cities of Rhode Island. We will make a commitment to bring about change.

Change there must be. The cities are central to Rhode Island life, and benefit all the people of this state. But the actions of the state government often cause us harm.

The cities are the economic engines of Rhode Island, producing most of the wealth that supports families and fills the coffers of the state government. Almost 600,000 people live in the cities; almost 300,000 work in them. The cities educate 83,000 students; they protect 135,000 homes from fire; they employ 1,300 police officers; they maintain 2,000 miles of city streets; and they own public infrastructure – schools, parks,

playgrounds, water and sewer systems, and a great deal more – valued at 1.2 billion dollars.

To flourish, the cities must have access to sufficient revenue. All are dependent on the property tax – but the property tax no longer meets their needs. Not when property values in the cities are 30% less than in the towns. Not when 75% of the tax-exempt property in the state is located in the urban communities.

Comparisons can be startling.

In Providence, the amount of taxable property value is only \$36,000 per capita. In Warwick, with all its commercial development, the amount is \$64,000. But in Barrington, it is \$86,000 – and in Jamestown, it is \$136,000.

Let's look at the median price of single-family homes. In Warwick, it's \$95,000, and in Providence it's \$103,000. But in Jamestown it's \$177,000 and in Barrington it's \$194,000.

This is the fundamental problem we face. The cities have the greatest need for revenue, but they have the least capacity to raise it. The towns have the greatest capacity to raise revenue, but their needs are much more limited.

The state government should be the great equalizer, because its taxing powers extend into every corner of Rhode Island. But the State has shown a remarkable unwillingness to share its own revenues with the cities.

This is all the more remarkable, because the urban economies generate most of the State's revenue. The cities are the economic engines of the state. By conservative

estimate, the cities generate 900 million dollars in revenue for the State of Rhode Island. They receive but 300 million in return.

The same can be said of the great colleges and hospitals of this state. These institutions employ 30,000 people and have budgets totaling more than two billion dollars. We estimate that the institutions generate at least 100 million dollars in revenue for the State of Rhode Island. But the state PILOT pays only 17 million dollars to the host communities.

The time has come for change. State leaders must recognize the importance of cities. They must strengthen the financial capacity of city governments. They must recognize that Providence has the potential to play a larger role in this region, and this nation, than it has played in past eras. With

adequate resources, Providence has a bright and prosperous future.

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Look at all we have accomplished in Providence, despite our financial limitations. The Providence Renaissance has been a source of inspiration for cities near and far – including Hartford, Cleveland and Detroit. One national publication designated our city as the “best place to be an artist.” Many of the people in this room have contributed to the many efforts to raise up this city. There are plenty of reasons to believe that the future of our city is bright.

Let's start with the city economy. Despite the recession, there's been more new construction during the 1990s than at any other time in our history. We are on track to record 2 billion dollars in construction activity for this decade. Providence Place will attract 10 million



shoppers a year to Downtown Providence – as many as come here to work.

In addition, employment is growing in the city, and the average salary paid by Providence employers is among the highest in the state. Just last week, I announced that Triple-A will be relocating to Providence, and will bring 400 jobs to the city. The momentum is building: Within the last year, we've brought more than 1,200 new jobs to Providence.

Residential values are also on the upswing. Home prices on the East Side are the second highest in the state. This is strong evidence that people believe in the future of Providence – and want to be part of it.

It's clear that our investment in the neighborhoods is paying off. Since 1991, 300 million dollars has gone into housing,

parks, playgrounds, schools, recreation centers, neighborhood shopping centers and a great deal more.

The impact of the \$50-million bond issue is just beginning to be felt. Last year, we repaved 36 miles of city streets. This year, we expect to repave another 15 miles of streets, replace up to 3,000 sidewalks, refurbish more than 40 neighborhood parks, paint 450 homes and renovate 275 homes.

The City Council has played a very important role in the expenditure of these funds. Working closely with neighborhood groups, Council members have set the priorities in each of your wards. Many of you have had meeting after meeting, looking for the best ways to put your bond money to work. Let's show our gratitude by giving the entire City Council a round of applause.

Equally important are all the initiatives to improve the quality of life in the neighborhoods. In recent years, we've launched an all-out assault against graffiti, cracked down on illegal dumpers, and cleaned 600 overgrown lots. But the biggest environmental assault will be launched this month by the Department of Public Works. With a fleet of new vehicles and new equipment approved by this honorable Council, the department will conduct a beautification blitz in every neighborhood.

Imagine the impact in your neighborhood when the D.P.W. arrives. They're going to sweep the streets, fill the potholes, clean the catch-basins, trim the street trees, kill the unsightly weeds, and wash every sidewalk with power-washing equipment. Spring-cleaning by the D.P.W. is going to be an annual event in our city. We're really going to make the neighborhoods shine.

We have even more plans to beautify your neighborhood: In all 15 wards, we're going to create a landscaped flower display at high-visibility locations. These "gateway" displays will be maintained by the D.P.W., and will be a real adornment to each neighborhood. Look for the gateway displays in your neighborhood this spring.

Fred Ihenacho, Jerry Florio, Lou Ricci, and Luke Driver are the driving forces behind the D.P.W. blitz. They are orchestrating a renaissance of the entire department, and I think you're going to be pleased with the results. Let's show them our appreciation.

[Applause]

Providence is also a much safer city than it was as recently as 1990. Last year, there were 5,500 fewer felony crimes committed than in 1990. That's a 30% decrease in

crime. Violent crime has fallen by 50 percent. In 1997, the crime rate was lower than at any time since the 1960s. Crime is down in many cities, but Providence has the third best record in the country among cities its size.

Our streets are safe because we have the most police officers on the street in 20 years; because the Gun Court has put almost 300 criminals in jail; because the patrol division is committed to community policing -- and because of the outstanding leadership of Colonel Prignano. Barney lives in Silver Lake, has deep roots in this city, demands discipline and hard work from his officers, and has real understanding for the kids of this city. Barney Prignano is a cop's cop, and deserves our admiration.

[Applause]

We've made real progress in the neighborhoods. But we've also kept expenditures under control.

Providence has raised taxes only three times in seven years. Of the 39 cities and towns, 32 raised their taxes more than we did.

Providence also went three years without wage increases, and we've defunded 150 jobs; as a result, the City of Providence payroll rose less than private-sector payrolls in the city. By outperforming the private sector, we've saved a total of \$27 million.

Providence also moved employees out of the Classic Blue health plan, and ended Blue Cross for Life for families. As a result, our health costs have risen by only 10% -- far below the Blue Cross average of 70%. The total savings to the city have been \$18 million.

On top of that, we've had surpluses every single year. It could never have happened without two guys who like to say "no." You know who they are: Boyce Spinelli and Alex Prignano. Let's give them a hand.

[Applause]

The dramatic turnaround in Downtown Providence is there for all to see. For those of us who remember when Capital Center was a freight yard, the changes have been wondrous to behold. I am particularly proud of the emergence of Downcity as an arts & entertainment district. AS 220, Lupo's, the art galleries, the dance studios -- and now loft apartments for artists and other adventurous souls. Barnaby Evans' Waterfire has become one of the biggest attractions in the state. Last year, more than 200,000 people flocked to the city for this artistic "happening." This year, Waterfire

will extend into Waterplace Park, and will surely attract many thousands more.

Meanwhile, our Downcity skating rink is under construction. When the completed ice rink opens next fall, it will become a major attraction for families. So will the seven-screen cinema that will be constructed on Washington Street -- in the heart of Downcity. All of these projects have a tremendous impact on the downtown area. The days when downtown streets were deserted after work hours are definitely behind us.

Downcity has been a labor of love for many people in this city. One of the biggest contributors, though, is the woman Dave Brussat calls the "Czarina of Downcity." Whenever the ribbon is cut, or the bill is signed into law, she's usually standing in the wings. Patricia McLaughlin, please take a bow. [Applause]



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The public schools mirror all of the changes in the city that are cause for concern. Since 1991, enrollment in the schools has grown by 5,000 students. Most of the new students are immigrants from Latin America, and most of them are poor. Every day, the city provides free meals to almost 20,000 low-income children. Surveys show that a third of the students entered the United States within the last three years. Hispanics are now a majority in 15 of the city's 35 schools.

In the face of ever-growing enrollment, the city has been forced to build 220 new classrooms at a cost of almost \$70 million. The number of teachers and other employees has grown by a thousand. Increases in school expenditure account for more than 70% of the total increase in the City budget.

Almost 80% of our students are poor, and more than half are immigrants. To overcome the disadvantages of poverty, Providence should be spending more per pupil than the suburban districts. In fact, Providence spends much less to instruct its students. State aid does not close the gap.

In Providence, there are almost 700 students per school, while the state average is 475. In Providence, there are 26 students per classroom, while the state average is 22. In Providence, most schools are old, and are prone to maintenance problems. In Providence, teachers have the lowest salaries in the state. Administrators say we cannot compete for teachers because of the low salaries. Providence must have competitive salaries -- particularly because we expect 500 teachers to retire in the next few years.

Providence teachers face educational challenges that are unique in Rhode Island.

It has been 75 years since the city's schools have had to educate such a large population of immigrant children. To succeed, we must improve the learning environment in our schools. The school budget will have to grow by \$100 to \$125 million over the next five years. Only the State of Rhode Island has the financial capacity to make the necessary investment in our students and teachers.

Once again, the eyes of the city turn towards the Rhode Island State House. Once again, we will ask the Providence delegation to fight for our city. Let me say that no group of legislators has worked harder, and achieved so much, as the Providence delegation to the General Assembly. We asked this delegation to fight for more school aid – and they have doubled our appropriation in seven years' time. We asked this delegation to increase PILOT aid, and they increased our revenue by a factor

of five. The stakes will be even higher in the weeks and months ahead. I know we can count on the Providence delegation to fight for our children, our families, our city up on Smith Hill. Many of the legislators are here today. Let's cheer them on.

[Applause]

A few weeks ago, we submitted legislation of great importance to the city. The legislation would freeze our city contribution to the public schools at the current level for an indefinite period. The State would assume 100% of the rising cost of education in Providence. The State would be required to bring per-pupil expenditures in Providence up to the state average within three years. However, let me emphasize that the Providence School Board would retain its full powers.

The existing tax base of the city can no longer bear the burden of the Providence Public Schools. We have drawn this conclusion – and the state government has done so as well. The State’s new school aid formula includes an analysis of “tax effort” and “tax capacity” in every community. “Tax capacity” is what you can afford to pay. “Tax effort” is what you are actually paying.

The tax capacity of Providence is only 46% of the state average. This is because our income level is low and we have so much tax-exempt property. However, our tax effort is 2.4 times the state average because as Rhode Island’s center city we must maintain services at a high level.

According to the State, our tax effort exceeds our tax capacity by a very large amount: 132 million dollars. That’s more than half our entire levy! By the state’s own

analysis, Providence needs deep tax relief – and is in no position to pour millions into its schools. Woonsocket, Pawtucket and Central Falls are in the same position: The tax effort in these three cities exceeds their tax capacity by more than \$31 million. The conclusion is inescapable: The State must pay all increased costs of education in all four cities. This we have proposed.

Despite the ample surpluses at the state level, the Governor has proposed to increase school aid for the entire state by only \$15 million. Providence would receive only \$6 million. This is unacceptable. We expect that it will cost the city \$6 million just to pay for rising enrollment next year. With the state surplus expected to be \$70 to \$90 million, now is the time to invest in the future of our children -- in the future of our state. I urge the legislature to give education the highest possible priority.

Property tax relief is another critical issue that must be addressed in this session. Rhode Island has placed too much reliance on the property tax. The taxes on our homes, our automobiles, and our businesses are among the highest in the nation.

In the early 1990s, the state was gripped by one of the worst recessions in its history. The State had to borrow close to \$700 million in order to assist credit union depositors. As a temporary expedient, it made sense to hold down state taxes, and to allow property taxes to assume a higher share of the cost of education.

That is in fact what happened. The State dropped its commitment to assume 60% of the cost of public education; instead, it is the property tax that pays 60% today. Between 1990 and 1998, the amount raised by the property tax grew by more than 400 million dollars. The Rhode Island property tax

became the 8<sup>th</sup> highest in the country, while the income tax fell to 25<sup>th</sup> and the sales tax fell to 40<sup>th</sup>. Today, the property tax raises more than the income and the sales tax combined, an imbalance matched by few other states in the country.

In 1998, the New England economy is strong, state revenues are flowing in, and the credit-union debt has been reduced to less than \$200 million. Now is the time to restore the balance between the State and the municipalities. The State should significantly reduce property taxes in every city and town, and reimburse each community for the lost revenue. The State should also resume its march towards 60/40 funding of education. And it must make the educational investments that are needed to give equal opportunity to schoolchildren in Providence and the other central cities.



In addition, reimbursement under the state PILOT should be increased to 50%. This is only fair to the cities. In Providence, the value of tax-exempt real estate has grown by \$600 million since 1991, while the value of taxable business real estate has declined by \$60 million. With adequate reimbursement under the PILOT, Providence can begin to reduce its tax rate, and to rebuild the base of business property in the city.

However, the Governor's version of property tax relief is unacceptable. It provides no tax relief for business. It offers no structural solutions to the problems of the cities. And it offers no real tax relief to homeowners, either. The Governor wants to send you a check for \$135. But he's also forcing the cities and towns to pay most of the rising costs of education. What good is a check for \$135, if your tax bill goes up by \$200 or \$300? This isn't tax relief; it's an

extra tax burden on the property-owners of this state.

Instead of political gimmicks, Rhode Islanders need to reduce the tax bills on their homes, their automobiles, and their business property. We need to provide a decent education to every child in this state – rich or poor. We need to adopt strategies that strengthen our cities. I look forward to discussing these important objectives with legislative leaders in the weeks to come.

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It's taken more than 20 years to create the Providence Renaissance. All of us shared a dream of what the city could be. We put aside our differences, and worked long and hard to make that dream a reality. Today, as Providence Place rises in Capital Center, it is clear that our dreams are

coming true. Providence has become a national model for urban revitalization.

To preserve the gains of the last 25 years, we must now form an alliance with other urban communities in the state. We must put aside our differences, and find common ground. We must solve our urban problems together.

Each of the cities has its own history, its own identity. From an aerial perspective, however, we really are one urban community, tightly grouped together. Now we must form a coalition that will benefit us all. I am confident that a strong and prosperous Providence will bring great and lasting benefit to all of the communities in our state.

IN CITY COUNCIL  
MAR 11 1998  
READ  
WHEREUPON IT IS ORDERED THAT  
THE SAME BE RECEIVED.  
*Richard Clement* CLERK

*Michael A. O'Neil*  
March 11, 1998