

State of the City Address
Mayor Vincent A. Cianci, Jr.
March 19, 1997

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

Six years ago, I returned to public office, guided by a dream that Providence would one day be a great city, renowned for the beauty of its ancient streets, celebrated as a center of culture, learning and the healing arts, thrilling in the grandeur of its soaring towers and sweeping boulevards, embracing once again the river and the bay that gave it birth so long ago.

I dreamed of a city sustained by the energy and purpose of its people -- drawn from so many different lands, brought together by the mysterious workings of destiny, united in the desire to make a better life for their children.

I dreamed of a city of safe streets, decent housing, and welcoming parks that resound with the voices of children at play. I dreamed of a city in which mothers could walk their children to the school door, not to the school bus. I dreamed of a city in which a child from Colombia or Laos would have the same opportunity as a child from Barrington or Narragansett.

These are the dreams that all of us share -- dreams that have sustained us during long days and nights of endeavor.

At long last, our dreams are coming true. We are changing the face of this city, and the rest of America is taking notice. To quote USA Today, Rhode Island's capital city has undergone "a spectacular rebirth that has made Providence a model for other industrial cities looking to reverse years of decay and decline."

In the downtown, we have transformed freight yards at the foot of the State House into an urban showplace worthy of a great and prosperous city. The serene and inspiring Waterplace Park, rambling riverwalks that invite the casual and reflective stroller, the glamorous and polished Westin Hotel, the fashionable shops and cafes of the new Providence Place -- all are jewels in our crown....glittering most brightly at night, when spotlights go on and define the brilliant shapes and textures of our city center.

Providence Place is the brightest jewel of all. With Nordstrom's, Lord & Taylor, Filene's, Brooks Brothers and 150 fashion retailers, the new mall will attract 10 million shoppers a year. On Monday, ground will be broken on the new mall. It's taken a lot of hard work by all of us to get to this point. No investment is more important to the future of our city.

There is much more artistry that has been wrought in the city center of Providence.

We have transformed Providence into a city of art and culture....with wonderful historic buildings at every turn....with thousands of artists at work in loft, attic or carriage house.... with America's best schools of fine arts, and of culinary arts facing the downtown....with four new museums in the works....with elegant restaurants of national rank dazzling our senses....with Shakespeare and Miss Saigon in nightly performance....with a profusion of public sculpture on every corner for one glorious week in June....and with artists taking up residence in Rhode Island's own Soho, the district we call Downcity.

We have come a long way, indeed.

But what of the neighborhoods, the heart and soul of the city? From Washington Park to Wayland Square, progress is being made. There is new hope, new pride, new enthusiasm among the people of Providence. They are excited by the transformation of their city, and applaud our aspirations to become a major league city in every sense of the word. Two-thirds of the people cast their vote for the fifty-million-dollar bond issue last November because they passionately believe in the New Providence.

And with good reason. We have set the stage in Downtown Providence for billions in private investment to be made, and tens of thousands of jobs to be created. We have proposed to abolish the tangible tax paid by business, and this is the spark that we need. A rising economy in Providence will reach into the neighborhoods -- I can assure you of that.

There is a new spirit of hope in this city because we have changed people's lives for the better.

* First, the new city economy has created 4,700 jobs in the last four years -- more than were created during the boom years of the 1980s. And pay levels in Providence are the highest in the state.

* We've reduced the crime rate by 30 percent since 1990. As a result, Providence is safer today than its been in almost 20 years.

* We created America's first Gun Court in 1994, and the court has already sent more than 200 dangerous criminals to prison. While the murder rate is spiraling out of control in some cities, in Providence it is down 20 percent. The Gun Court is a major reason why.

* We have invested \$25 million since 1993 to improve housing, parks, playgrounds and community centers and the housing prices are rising again for the first time since the boom years.

All told, we've painted, renovated, or brought about the purchase of more than 2,500 houses in every neighborhood of the city. The Providence Plan did a wonderful job rebuilding our neighborhoods and rekindling the spirit of hope. Now we have a new housing plan in place that will unify all of our housing initiatives.

And we are gearing up for the biggest and most comprehensive neighborhood program in a generation. We will redouble our efforts, investing 50 million dollars in the neighborhoods. With the resources at our disposal, we will change the face of this city.

We will repave more than 200 miles of streets. We will assist thousands of families to buy houses, renovate houses, paint houses, and fix sidewalks. We will demolish 100 of the most derelict houses in the city. And we will refurbish more than 20 parks and playgrounds in the city.

We will work with every Council member to make sure the needs of the wards are met. Let us begin these great tasks as soon as possible.

The neighborhoods have benefited from other important city initiatives.

* As you know, we recently created the Environmental Court in order to clean up our neighborhood sidewalks and vacant lots. During its four months of existence, this court has convicted 26 illegal dumpers, and has slapped fines on 75 additional violators.

* In the realm of education, we have a new contract, and the banner of school reform is unfurled and flying high. We have combined the theories and philosophy of school reform with the love and caring of our teachers. Teachers, administrators, parents, Mayor, City Council: We are all committed to innovation and excellence in the classroom. Providence will be a national leader in movement towards school reform.

* The long-running issue of school funding is also reaching a concluding point. In the legislature, there is a new resolve to give Providence and other cities the equitable funding they deserve. I am hopeful that a landmark resolution of this matter will take place this spring.

* We are also building two new schools in the West End that will be showplaces of educational innovation. These new schools will virtually eliminate the busing of elementary students for space reasons in the West End, Elmwood and Lower South Providence. At last, we can strengthen the bond between teacher, parent and child. At last, parents can walk their children to the school -- not to the bus.

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The message I bring to this City Council is that Providence is a strong and vibrant city on the eve of the new century. Business is investing 1.5 billion dollars in this city. Employment is rising. Property values are rising. Our streets are safe, our schools are educational innovators, and our neighborhoods are being revitalized. Other cities are losing the war against crime, poverty and the suburbs. But

Providence has emerged as a winner -- and the rest of the country is taking notice.

The transformation of Downtown Providence has captured the imagination of the national media. The Boston Globe wrote that Providence "is a model for urban revival in the 21st Century." The New York Times found that Providence is a "once-gritty manufacturing town now well on the way to reinvention."

The Times also applauded the City for offering tax incentives to artists who live and work in Downcity. The pioneering artists who have already moved downtown, according to The Times, are "the faces of the city's future."

I agree. Providence has an abundance of painters, sculptors, performance artists, architects and gourmet chefs. We have illustrators and graphic artists and authors of children's books. These are all the ingredients we need to create a Soho in the heart of our city.

With the tax incentives we have put in place, I believe we will see one or more owners develop upper-floor loft space in the year to come.

Rhode Islanders are also taking notice of all the dramatic changes. In a recent letter, a man from Cumberland says he was extremely impressed with Waterplace Park when he visited the downtown last summer for the Olympic Torch ceremonies. He writes, "Although I have lived for the past twenty-eight years in Cumberland, I was born and raised in the city. I can say that more has been done to improve the city than at any other time in my life."

A woman from Pawtucket writes, "Providence is certainly in a period of rebirth. Last week my husband and I visited the city to see the river fires. What a wonderful sight! People walking along the water, listening to the music! It seemed great to stroll around and enjoy Waterplace Park, without having to worry about walking the city at night. People seemed

so happy and carefree. The whole atmosphere created a feeling of goodwill and happiness."

Comments such as these show far we have come in a few short years. Rhode Islanders are becoming reacquainted with the capital city and they're becoming our biggest fans. These are the people who will shop in Providence Place, go ice-skating in the new downtown ice rink, visit the new Children's Museum that is under construction, or dine at one of our many celebrated restaurants. These are the people who say "yes" to a Patriots stadium in Providence. Yes, the city is coming alive once again, and a lot of Rhode Islanders think it's great.

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If Providence is to flourish, people must feel safe in this city. They must have confidence in the public schools. And there must be public investment in their neighborhoods.

No question about it: Providence is a safer city today than it has been in a generation.

The annual number of serious felonies committed in this city has fallen by 5,500 since 1990. That's a reduction of 15 felonies per day.

In fact, the crime rate in 1996 was the lowest since 1979. The rates for burglary, armed robbery and auto theft have fallen to levels not seen since the 1960s. And in Downtown Providence, the crime rate has been cut in half since 1990.

These dramatic reductions are taking place, in part, because Providence police officers are better-trained and better-disciplined than in past eras. Today, new recruits go through a thousand hours of training -- more than double the amount since the 1980s.

There are also more officers assigned to professional duties, because this administration has replaced uniformed officers with civilians in the routine desk jobs. There is a bigger police presence where it counts -- on the streets.

In addition, Colonel Prignano has gone to great lengths to revitalize the patrol division, and he's getting results. Officers are held strictly accountable for maintaining order within their car posts. This extends to the so-called nuisance crimes -- including excessive noise, public drinking and hanging out on street corners. The Colonel believes that disorder leads to major crimes, and I agree.

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The funding of education has been one of my constant concerns as Mayor. During this decade, enrollment has grown by 4,000 students. The School Department has built 150

classrooms, and has hired 750 teachers and other employees.

Of course, it is immigration -- from Latin America primarily, but also from Africa, Southeast Asia and Eastern Europe -- that is causing the school system to grow so rapidly.

Providence has benefited from immigration in a number of ways. Many newcomers, particularly Hispanic families, have become homeowners in our city. Immigrants are helping to stabilize property values and increase owner-occupancy in a number of neighborhoods. Many of the newcomers also show a gritty determination to improve their lot in life. Just as Providence gained strength from the arrival of Irish, Italian, French-Canadian, and Portuguese immigrants long ago, so we are strengthened by the immigrants of today.

However, the cost of educating a rapidly growing population of students far exceeds the capacity of our tax base. We anticipate that school costs five years from now will be 75 million dollars higher than they are today. In our state, almost all of the impact of immigration is concentrated in Providence and a few other cities. The Rhode Island community must come to the aid of Providence as we prepare thousands of immigrant children to lead productive lives in their new country.

Providence is not the only community with a grievance against the state government. For several years now, the State has provided insufficient school aid to all of the cities and towns. Between 1990 and 1995, school costs statewide rose by 227 million dollars. The State provided only about 69 million dollars of that total. The cities and towns raised the remaining 158 million dollars from local revenues -- that is, primarily from the property tax.

This is not what was supposed to happen. State leaders pledged a decade ago to increase state aid until the State was paying 60 percent of all school costs in Rhode Island. In fact, it is local government that is paying almost 60 percent of the cost of education today. The property tax throughout the state has grown by more than half a billion dollars over the last decade -- primarily to pay for education.

Governor Almond has proposed to increase school aid for all cities and towns by only 12 million dollars in the coming year.

This does not begin to meet the need. The total cost of elementary and secondary education in Rhode Island is more than one billion dollars a year. These costs are expected to rise by at least 60 million dollars next year. If the Governor's proposal becomes law, property taxes across the state would have to rise by 50 million dollars to complete the financing of education.

This is bad news for the middle-class homeowner and for business. Almost 75 percent of the property tax is paid by families with incomes of less than 50,000 dollars and by business.

There are some who propose cuts in the state income tax instead of the necessary increases in school funding. They would reduce the income tax rate from 27.5% to 25% over five years. The legislature should reject such proposals. This is because most of the benefits of an income tax cut go to the rich and the well-to-do, not to the middle class.

Families with incomes of \$30,000 to \$50,000 would save only \$23 a year.

But Rhode Island's most affluent families, with earnings in excess of \$200,000, would pocket \$803 a year -- 35 times more than the middle-income family would save.

It is just plain wrong to give tax breaks to the rich while underfunding education for the middle class and the poor. I am sure this is not what the General Assembly intends to do.

Fortunately, education advocates in the legislature, led by Representative Paul Crowley of Newport, are working with Commissioner McWalters to arrive at a more satisfactory level of education funding. I am confident that the legislature will increase the state's financial commitment to education in Providence and, indeed, in every city and town.

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I would like to take a moment to briefly address another very important financial matter. I refer to the cost of pensions for Providence police officers and firefighters.

As this Council is well aware, the City faces a huge increase in its pension contribution next fiscal year in order to pay for public safety pensions. If the Superior Court consent decree is fully implemented, the increase in contribution will be more than 20 million dollars a year. This is far beyond what the taxpayers can afford to pay. If we are forced to make such payments, we would certainly be in no position to pay raises to working police officers and firefighters.

The Laborers Union has already agreed to consider revisions to the consent decree. The union has expressed concern that the financial stability of the pension fund will be undermined if the City is forced to implement the consent decree. I commend Joe Virgilio of the Laborers Union for stepping forward. I urge the leaders of the public safety unions to do the same. We must all sit down together and review that consent decree. And we must reach

compromises that are in the best interest of workers and taxpayers alike.

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Providence is one of the oldest cities in America. Over the centuries, some 18 generations have matured and assumed the responsibilities of leadership. Periodically, there are moments in time when the city's leaders, if they choose wisely, can add immeasurably to the vitality of the city for generations to come. This is such a moment.

If we choose well, Providence can become one of the most admired cities in America. A city of great beauty, culture and learning....that attracts talented men and women who are the foundation of a vigorous economy. To succeed, we must dream the dreams....we must have ever-greater ambitions for our city. We must also break through the barriers that are preventing us from moving this city forward.

The existing tax system of the City of Providence is the principal barrier we face. It does not begin to provide the City with the revenues we need. It collects nothing from the colleges, hospitals and governments that are a pillar of our economy. It drives homeowners and businesses from the city into the suburbs. And it will hinder all of our efforts to revitalize this city until we fashion a new tax system that meets our needs.

It is also evident that every city and town would benefit from fundamental change in our system of taxation.

The property tax in Rhode Island is the ninth highest in the country. Communities in this state rely on the property tax for 60 percent of their revenue -- double the national average.

The over-reliance on the property tax weighs heavily on the middle class and on business.

It is worth noting that property taxes paid by business have gone up by 195 million dollars over the last decade. This increase far exceeds the entire amount of taxes paid by business to the State of Rhode Island.

If we're going to get this state moving again, we've got to improve the business climate and we've got to increase investment. In 1996, 90 percent of the new jobs held by Rhode Islanders were in other states. Parents are having to commute out of state to support their kids. And our young people are leaving Rhode Island for good because they can't find good jobs in the Ocean State.

If we're going to get this state moving again, we've got to improve the business climate. One of our first priorities must be to reduce the property tax on business.

The conclusion is inescapable: We must develop new sources of revenue to supplement the property tax, and we must abolish the taxes that are weighing us down.

Property tax relief must be our first priority. Let's face it: The property tax is an unfair tax, it's a regressive tax....and it must be changed!

I know that many of you share these same convictions. This is why we have gone to the General Assembly and asked for a 1-percent tax on earned income that would provide more than \$160 million of new revenue for the cities and towns of Rhode Island.

Almost all of the new revenue we collect will be used for property tax relief: for the abolition of the automobile tax and the phase-out of the tangible tax on business inventories, computers and furnishings.

The new payroll tax will apply to earned income only. It will not apply to Social Security, welfare, interest, dividends or rent. Many Rhode Island families will save more in car taxes than they will pay in earnings taxes -- especially because, for many families, the payroll tax is deductible from federal and state income taxes.

Rhode Island families will benefit in additional ways. The phase out of the tangible tax will encourage business investment and create jobs within the state. In addition, electric, gas and telephone utilities will save tens of millions of dollars as the tangible tax is phased out. These companies will be required to pass on the savings on to you -- the consumer. Finally, we propose to impose tighter limits on future increases in property tax rates. This will limit the increases in taxes on your homes.

Our tax-relief plan benefits all the cities and towns. But it is particularly important for Providence. Half of our property is tax-exempt, and the percentage is growing every day. Our tangible taxes and auto taxes are the highest in the state. In order for Providence to prosper, we must abolish these taxes and we must have access to new sources of revenue. Our plan meets those objectives.

The tax plan does not give Providence an unfair advantage over other cities and towns. By eliminating the tangible and auto taxes, the plan removes a severe disadvantage and places us on a level playing field. Remember, there are 300,000 people in this city each business day. Providence is the center of the economy, government, health care and education. We must have adequate revenues in order to provide essential services.

I know that the City Council strongly supports the tax relief program we have placed before the legislature. We are particularly grateful for the support we have received from Council President Fagnoli and from Councilwoman Nolan as chairman of the finance committee.

As I travel around the state, speaking on behalf of this program, I am heartened by the support we are finding everywhere. The over-reliance on property taxes has stretched the middle class to the limit. They are sick and tired of paying higher property taxes every year. This is why our tax reform program is supported by almost 70 percent of the people of Rhode Island, according to our recent statewide poll.

That poll was reassuring. But I knew we were on to something when Sid Green joined the crusade. Sid hates all taxes....but he loves the payroll tax. We must be doing something right!

Providence in the twenty-first century can be one of the great cities of America. We have the potential to surpass the economic achievements of past eras. We can be a prosperous and independent city, in charge of our fate. We can seize the moment and make it all happen. I am confident that we will make the most of our opportunity to achieve great things for our city.

IN CITY COUNCIL
MAR 19 1997
READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.
Michael R. Clement CLERK

Michael R. Clement
Mayor
March 19, 1997