



## Executive Chamber, City of Providence

May 2, 1984

The Honorable Members  
The Providence City Council  
City Hall  
Providence, Rhode Island 02903

Dear Honorable Members:

I come before you tonight to submit for your consideration the 1985 budget for the City of Providence. I do so as someone who, until very recently, sat in this chamber with you and shared your concerns.

I continue to share your concerns: wasteful spending practices, corruption in government are problems that concern me, concern you and concern every Providence taxpayer. I will not be satisfied until every vestige of waste, inefficiency and corruption is eliminated from city government.

Responsibility in government starts with a responsible fiscal policy; the determination that the taxpayers' money must be spent as frugally, as cautiously as we spend our own. The budget that I submit to you tonight reflects that determination. Jerome Baron, our able Finance Director -- has fashioned a well-balanced fiscal report that will provide for our needs without unhealthy fat or dangerous over-indulgence. It represents a sensible, even-handed approach to the diverse needs within our City.

This budget requires no tax increase. It calls for a spending increase of \$11,965,225 over the current budget of \$159,090,954.

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Most of that 7.5 percent increase in spending will go toward increased costs of salaries and fringe benefits. A tax increase is unnecessary because the increase in revenues can be expected to match the increase in expenditures. This increase in money we take in will come primarily from an anticipated increase of almost \$6.6 million in state aid, and an increase in tax collections of about \$3.3 million.

While this budget outlines how much we will spend and for which purposes, it does not and cannot directly address how well the taxpayers' money is spent. Since I assumed the Office of Mayor last week, I have made this fundamental management issue my top priority. In just one week, the professionals assisting me on the Mayor's Management Task Force have begun an extensive review of our purchasing, contracting, personnel and financial practices. We have already decided to institute a number of reforms in the operations of city government. These include the following:

1. The establishment of a code of ethics for all city employees;
2. The streamlining of the City's purchasing procedures and the clarifying of lines of responsibility and accountability for all City purchasing decisions;
3. The development of a set of procedures to ensure that all City employees are treated in a fair, uniform and open manner.

These actions will be supplemented soon by additional initiatives

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in the areas of purchasing, personnel, and other functions of city government.

And, tomorrow, I will formally request that the Auditor General of Rhode Island, Anthony Piccirilli, assist the City in inventorying all of our assets, including all of our property and equipment.

I am not only committed to reforming and reorganizing our government, but also to directing its energies to the diverse neighborhoods of our great City -- to the places our citizens actually call home. While we must continue to effectively pursue downtown development, we must always place our greatest emphasis in residential neighborhoods. Under my administration, we will take a number of steps to up-grade the quality of neighborhood life.

First, we will increase the visibility of our fine Police Force within all neighborhoods to promote safety and security.

Secondly, we will redouble the City's efforts to assist in systematic neighborhood clean-ups.

Thirdly, we will insist on a complete overhaul of our Public Works Department to ensure that effective services, including repair and maintenance functions can be delivered to all neighborhoods.

While I firmly believe that a budget is a useful management tool, I am convinced that it is no substitute for hard-nosed budgetary controls and uncompromising professionalism in management practices. To ensure, therefore, that the City lives within my proposed budget, I will be instituting two important procedures. First I will require all Department Directors to monitor closely on a monthly

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basis their expenditures and their anticipated needs in the immediate months ahead.

Second, I will request that the Finance Director periodically review revenue collections to ensure that we are meeting our anticipated needs at proper times. In this manner, we can substantially reduce the need for short-term borrowing whenever possible, and thus realize even more savings, and vigilant adherence to our budget projections.

Like all of you, I am well aware of emergencies that may occur at various times throughout a fiscal year. But I am deeply committed to a budget that is not just a guideline, not a mere outline of what I would like to happen. Rather, I want this budget for 1984-1985 to be a detailed plan that we can bear in mind in all that we do in this administration. In this way, we can be both responsive to our City's needs and responsible to the taxpayers of this City.

This budget, I believe, is a budget we all can live with. But no budget is a good budget unless it is followed. I am confident that I have the skills, the dedication and the concern to administer this fiscally/responsible program. But I will need your help. Together we can ensure a sound financial future for our City. As part of our new Pact for Providence, we can restore confidence in the City's ability to manage its finances responsibly.

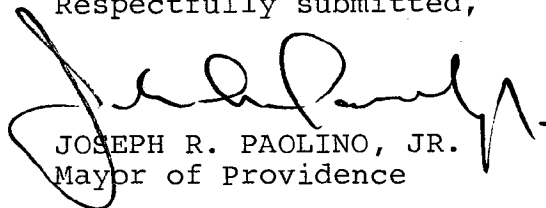
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In submitting this budget, I want to reiterate my commitment to giving the people of Providence maximum benefit for their tax dollars. I am going to apply my full energy to finding every cost saving device available. I will not tolerate a continuation of the waste in the Department of Public Works. I will not allow contractors with the City to over-bill us by hundreds of thousands of dollars for services such as street paving. I will insist on competitive bidding for all City contracts above \$2,000.00 And I will not tolerate anything less than an honest day's work for an honest day's City pay.

The budget before you tonight reflects my determination to put Providence on a course of fiscal discipline and sound management principles. I urge you to give this budget, and my administration's reform initiatives your full support. We must come together to move our City forward, and to restore our citizens' confidence in all aspects of City government.

Respectfully submitted,



JOSEPH R. PAOLINO, JR.  
Mayor of Providence

## BUDGET SUMMARY

1. The proposed budget for 1984-85 requires no increase in the current tax rate of \$69.61 per thousand dollars of assessed valuation.

2. The new spending level would be \$171,056,179., an increase of \$11,965,225. over the current budget of \$159,090,954. This represents a 7.5 percent increase in spending.

3. Of the \$12 million increase in spending, almost \$10 million would cover increases in salaries, fringe benefits and borrowing costs. Another \$500,000 of the total will pay for the first year of the property-tax revaluation study that is mandated by the General Assembly. The study is expected to cost a total of \$1.5 million, including the cost of purchasing computer equipment. The last revaluation took effect in 1976.

4. The growth in revenues is expected to match the growth in expenditures, thereby making a tax increase unnecessary, primarily for the following three reasons:

a. State Aid: The major categories of state aid to Providence are expected to rise by almost \$6.6 million, or more than half of the \$12 million increase in revenues that is anticipated overall. In the budget, it is assumed that the proposed state budget, which provides for about \$1.1 million in additional state aid to Providence in various categories, is enacted. A portion of this extra aid comes in the form of state aid to education. The total increase in state education aid to Providence will rise by about \$4.1 million.

b. Property-tax revenues: Although no increase in the tax rate is proposed, it is expected that tax collections will rise about \$3.3 million. The major reason for the anticipated increase is that a higher rate of collections is being assumed, based on the fact that the collection rates have been rising in the past few years. For current taxes, it is assumed that 90 percent of the levy will be collected during the 1984-85 fiscal year. This compares with a collection rate of 89.2 percent that was assumed for the 1983-84 year.

This compares with a collection rate of 89.2 percent that was assumed for the 1983-84 year. The increase to 90 percent was considered justified because current tax collections are running ahead of projections this year, and it is expected that the actual rate will approximate 90 percent. Regarding those taxes owed from prior years, an estimate of \$7,386,000 is being used for 1984-85. This compares with a \$6 million estimate in the 1983-84 budget. It is now expected that actual back-tax collections for this year will be about \$7 million, thereby justifying a comparable back-tax figure for 1984-85.

c. Rents & Interests: This category is up \$1,950,000 in the proposed budget. The major reason for the increase is that the city will have significantly more cash that can be invested short-term. This is because the city is about to issue \$22,280,000 in bonds for a number of redevelopment projects, and about \$12 million of that amount will not be spent in the 84-85 year and will be available for short-term investment.

5. These are the major increases in expenditure items:

Non-School:

Salary	\$3.3 million
Pensions	.8
Blue Cross	.4
Debt Service	.3
Revaluation Study	.5

School:

Salary & fringe	<u>4.9</u>
	\$10.2 million

6. The proposed budget assumes no layoffs.

7. The Mayor's Office of Community Development, which receives annual grants from the U.S. Department of Housing and Urban Development and has a separate budget, is expected once again this year to pay for a number of city budgetary items that HUD deems eligible for

federal funding. About \$1 million in MOCD spending to support the city budget is anticipated for 1984-88. MOCD will continue to make annual lease-purchase payments for a number of fire department vehicles already in service. It will also fund the refurbishment of four more fire vehicles. In addition, two new rescue vehicles will be purchased. \$125,000 will be appropriated to demolish abandoned buildings that the building inspector believes are too rundown to be rehabilitated. And \$200,000 will be provided as the city's share of the cost of building a new fire-alarm headquarters on Promenade Street.

8. A separate city budget known as the Capital Budget also is being submitted to the City Council. It lists all city capital projects planned over the next five years. Before such projects may be funded, the council must pass an ordinance for each project and the voters must approve each ordinance by referendum. The Capital Budget has been approved by the City Planning Commission.

The budget provides for these new capital projects, subject to approval by the council and the voters on the November, 1984 ballot:

a. The renovation of 16 fire stations and other fire department buildings, at a cost of \$2,259,000.

b. The renovation of five school buildings at a cost of \$6.5 million (about half of which will be subject to reimbursement by the state). The schools are: The Asa Messer, Reservoir Avenue, Windmill, and Sackett, elementary schools, and the Roger Williams Middle School.

c. Restoration of the main complex of the Providence Public Library. The total cost is estimated at \$8.5 million, of which the City of Providence is being asked to contribute \$3 million.

d. Redevelopment projects, \$1.5 million. The specific projects have yet to be identified.

e. Development of the Longview Reservoir in North Providence by the Providence Water Supply Board, \$3.5 million. The borrowing costs for this project would be covered by additional water revenues that the Water Board will ask the Public Utilities Commission to authorize.