



Mayor Angel Taveras **2014 State of the City Address**

Working and Investing in Providence

Tuesday, February 11, 2014
(as prepared for delivery)

Mr. President, honorable members of the Providence City Council, distinguished guests, and fellow residents of our great Capital City –

In April, I had the pleasure to be present for the Omni Group's purchase of the C.J. Fox factory. Anyone who drives on Route 95 South through our city knows the Omni Group has been hard at work renovating the complex at the entrance to historic Federal Hill.

The Omni Group is a homegrown company, headquartered in Providence. Like most businesses, they went through some tough times beginning in 2008. Financing their project became a major challenge when Wall Street imploded and the economy went into a tailspin.

But the Omni Group made it through the hard times, and now they are moving forward and investing \$5 million to convert the old factory complex into office space. Bill DiStefano, Omni's President and CEO, told me they decided to expand their business again because they believe Providence is heading in the right direction.

I tell you this story because it speaks to the overall state of our city. The state of our city is improving.

We've been through the hard times of the Great Recession. But we never lost hope. And we never stopped believing that better days were ahead. We are working hard and making investments that will propel Providence into a future of greater economic strength and prosperity.

I want to talk to you tonight about all we've done to move Providence forward in the past year. And then I want to talk to you about what we will do in the coming months.

THE ROAD TRAVELED – AVERTING BANKRUPTCY

It's difficult to believe that just three years ago Providence stood at the abyss, as we worked to address a \$110 million structural deficit and keep our Capital City out of bankruptcy.

But we pulled together – all of us here, and many others throughout our state – to save Providence. We rolled up our sleeves and we got to work. From our labor unions to our tax-exempt institutions and our taxpayers – everyone pulled together. We turned a \$110 million structural deficit into a \$1.6 million budget surplus.

I'm very proud of the work we have achieved to make this remarkable turnaround possible, and I thank everyone who has sacrificed for our city.

Make no mistake. There is more work to do to restore Providence to full fiscal health. We must replenish our reserves. A negative fund balance created through several years of budget deficits will probably take several years to eliminate. We must continue to make every decision with an eye on the impact it will have on city finances and our future.

PUTTING PROVIDENCE BACK TO WORK

Last spring, even as we continued our work to close the budget deficit, I announced a comprehensive economic development action plan for our city. The action plan is called 'Putting Providence Back to Work,' and it has 20 action items designed to jumpstart our economy.

We have been working hard to implement the action plan, and we have made progress.

Mr. President, I was pleased to work with you and other members of the City Council to freeze Providence's highest-in-the-nation commercial tax rate. I don't want Providence first on any list involving taxes. But I know that holding the line on the commercial tax rate was not easy. I thank you for having the courage and foresight to pass this freeze, so we can encourage business in our city.

Together, we have improved permitting. For many years developers have said it is too difficult to pull a construction permit in Providence. There were too many hoops to jump through, and it took too long. The amount of time it has taken for approval to build in Providence has acted as a barrier to economic development.

So last year, we moved permitting online. The new system, "ProvSmart," makes it easier to do business in Providence. We streamlined permitting by creating a new unit to fast-track small applications. And we moved our Fire Inspectors together with our Building Inspectors, so they can share information and talk to applicants at the same time.

I have good news. As a result of our actions, the average number of days it takes to get a permit in Providence has been reduced more than 80 percent – from almost 17 days a year ago to two and a half days today. For large projects over \$100,000, the improvement is even more striking: One year ago, it took an average of a month and a half for large projects to complete a plan review. Today, we are averaging nine days.

People have talked about improving permitting in Providence for many years. We are not just talking about it, we are doing it.

We are doing *whatever* is necessary to remove barriers holding back development. Last month, the Providence Redevelopment Agency transferred ownership of downtown's historic and vacant Arnold Building to new owners. The city is providing \$220,000 in federal funding to help jumpstart its redevelopment.

This is a new beginning for the Arnold Building that will create construction jobs and breathe new life into downtown Providence. I'm grateful to the PRA, the Providence Revolving Fund and the owners for working together to make this possible. There's no limit to what we can accomplish when we work together.

In the past three years, construction and investments worth more than a half billion dollars have been completed across our city: the Arcade Providence, the Providence G, Johnson & Wales' physician assistant school, the Highlands Health Center, and renovations of the Regency Plaza, the Biltmore Hotel and the Columbus Theatre.

We are also working to reinvent the gateway to our city: Kennedy Plaza. Last year, we joined with our partners to unveil a plan to transform Kennedy Plaza with cultural programs and a new, 21st century design. The work is being supported by significant grants from the National Endowment for the Arts and the Champlin Foundations. Stay tuned for more exciting news and big changes in Kennedy Plaza in the coming months.

INVESTING IN SMALL BUSINESSES AND STARTUP COMPANIES

Now, small businesses are the beating heart of Providence's economy and we are working to support them. In partnership with the U.S. Small Business Administration, the Center for Women and Enterprise and SCORE, we recently renewed a first-of-its-kind partnership to support business growth and job creation. In the last two years, we've hosted 12 workshops for nearly 150 business owners – teaching skills to access working capital, state tax incentives, and small-business financing.

In November, I was proud to stand with our senior U.S. Senator, Jack Reed, to launch Rhode Island's first EB-5 Regional Center. EB-5 is a visa program designed to attract investments from other nations. Foreign investors contribute at least half a million dollars into a venture expected to create new jobs. EB-5 leverages some of Providence's greatest assets – our inclusiveness and diversity – to attract new

investments in our community. That's an important piece of the puzzle as we work to grow our economy.

We have improved oversight and transparency at the Providence Economic Development Partnership. In December, HUD gave the agency a green light to resume making low-interest loans to Providence businesses through its revolving fund. The PEDP is once again in a strong position to support our work to grow our economy. I thank HUD for its commitment to Providence, and for its recognition of our strong efforts to reform the PEDP.

We have also reached out to more than 2,500 small businesses to help them understand the various federal, state and local tax programs that may be able to assist them.

Investing in entrepreneurs who are developing game-changing new technologies and innovative solutions to today's challenges will help grow our knowledge economy. So in my first year as Mayor, we created the Innovation Investment Program, or IIP – a first-of-its-kind program in partnership with HUD to invest in local startups.

Thirty five companies participated in the first round of the program. These startups have brought more than 57 talented entrepreneurs and employees to Providence. They came from Massachusetts, New York, New Jersey, Ohio, Oregon and California. These startups have also raised an additional \$5.3 million in private capital.

They are putting down roots in Providence as they work to grow their good ideas into products and services with the power to improve lives and grow our economy.

We are working hard to secure Providence's future, and we are seeing results. Our work is far from over, but together we are beginning to put Providence back to work.

Some of the people who are back at work in Providence have been employed through the \$40 million road construction project we embarked on last spring. Jacob is one of those people. He is 18 years old, and he lives in our city's Chad Brown housing development with his mother and his little sister.

Through Building Futures, Jacob joined the Rhode Island Laborers Local 271 and was hired as an apprentice by our construction contractor when roadwork began last spring. Jacob, please stand up. Thank you for your work to fix our roads. And congratulations on your new career path!

Our road improvement project shows how our work to fix Providence's finances is paying off. This is what I mean: When we took our road bond to market last winter, more investors wanted to buy into the bond than there was room to accommodate. This drove down our interest rate, which will save the city about \$300,000 a year. This strong interest from investors in our road bond was a clear vote of confidence in our work to reform Providence's pension system and put our city on a sustainable fiscal path.

I want to say a few words about last year's pension reform. Some people have pointed to our retirement system's 31.4-percent funded status and said we did not accomplish enough. Here is my response to them: History will judge us well. This was a crisis over 20 years in the making. It didn't happen overnight, and it's not going to be solved overnight.

As we have done for Providence as a whole, we have put our city's pension system on a sustainable path. We have forever eliminated the 5- and 6-percent compounded COLAs that were draining our pension system. We have reduced the city's unfunded liability by \$186 million. We estimate the city will save \$390 million over the next 27 years because of our pension reform agreement. And we will do it in a way that enables our city to continue making investments in city services, public education, public safety and our quality of life.

INVESTING IN YOUNG PEOPLE

We are investing in our children and teenagers – both in school and out. Last summer, 650 Providence youth were employed through programs administered by the city and our workforce board.

We're supporting apprenticeship programs at Building Futures and YouthBuild Providence.

We're providing opportunities for young adults and older adults to learn the technical skills they need to be successful. We worked with the City of Cranston to hold 11 job fairs last year. More than 265 businesses and 1,700 people looking for work participated.

Last year, we put more than \$100,000 into adult education programming at our community centers. We've provided financial counseling to more than 1,100 people.

There is no better investment we can make than an investment in education. I am passionate about public education because it has been one of the most important parts of my life. Education transformed me. I want to make sure all our children are transformed by education, and that we are giving them the resources they need to achieve their goals.

In our public schools, we are working hard to raise student achievement, support our teachers and put students on a path to success. We have put hundreds of volunteers in second- and third-grade classrooms across the city. And we are successfully connecting more students with meaningful summer learning experiences.

An important predictor of a child's future success is the ability to read on grade level by the end of third grade. We are continuing to implement Providence Reads, an initiative with partners across the city to increase grade-level reading, promote school readiness, improve school attendance, and support summer learning.

Last week, we launched Providence Talks. This is our project to set low-income children on a path toward lifelong achievement by using technology and working with their families to increase their vocabularies.

The \$5 million project is funded by Bloomberg Philanthropies. We were selected in March as the grand prize winner of Mayor Bloomberg's challenge to come up with ideas that have the power to transform our nation. We beat out 304 other cities to win the competition.

Our efforts to improve education have not gone unrecognized. Just recently, Providence was named a 2013 Community Pacesetter by the national Campaign for Grade-Level Reading. And we are one of only three cities across the country invited to apply to the Carnegie Corporation for a \$3 million grant to transform high schools.

We are being recognized nationally, and we are getting results. Here are two important indicators I want to share with you. In 2007, our four-year graduation rate was less than 60 percent. Last year, our four-year graduation rate went up to 71.4 percent – the highest graduation rate in many years.

And Providence's four-year dropout rate is down almost 40 percent since 2009. Last year, the dropout rate was 12.2 percent. In 2009, it was more than 20 percent.

We've worked closely with our school board and our teachers union to make these important gains. I want to especially acknowledge Steve Smith – the president of the Providence Teachers Union – who announced last week that he is retiring. Steve – thank you for your leadership. It has been an honor to work side by side with you during tough times to move our schools forward.

Do we still have a long way to go to improve public education in Providence? Absolutely. But we have been focused on the challenges, we are working hard, and we *are* headed in the right direction.

INVESTING IN PUBLIC SAFETY

We are investing in public safety. In the last six months, we've trained and put to work two new classes of firefighters. These Fire Academy classes mark two significant milestones. They are the most diverse classes in the 159-year history of our Fire Department. And for the first time, a woman – Alison Philbrick – graduated first in her class.

On behalf of the residents of Providence, I extend our deepest thanks to Alison and all of our city's 106 new firefighters. We know how challenging and dangerous your jobs will be, and we take heart in knowing that you are thoroughly prepared.

The Fire academies show we are making investments in our city while remaining committed to responsible fiscal management. Since our new firefighters got to work, overtime has been drastically

reduced. We said we were going bring on new firefighters and save money in the process, and we are on course to achieve that goal.

We also must recognize and thank the men and women of our Police Department, who with a smaller force have maintained one of the lowest crime rates in the city in decades.

We hear a lot of concerns about public safety in Providence – and for good reason. It is far too easy for young people to get their hands on guns. In Providence and communities across the country, we’ve experienced far too many tragedies involving guns.

But we cannot lose sight of the fact that Providence is a safe city. I’ll say it again – Providence is a safe city. And we are working to make it even safer by eliminating illegal guns from our streets.

Providence is a safe city thanks to the tremendous dedication and professionalism of our Police Department and our partners in the community. Despite their lower numbers, our police officers are making more arrests and seizing more guns every year. And the city’s violent crime rate remains among the lowest it has been in decades.

Here’s just one example of the fine work that the Providence Police do every day: In May, the narcotics unit began investigating drug dealing in Kennedy Plaza. After several weeks, Operation Hubcap resulted in 41 arrests – virtually eliminating drug dealing in Kennedy Plaza.

Now, let me take a moment to address one issue in particular – the abuses that have occurred in Providence’s adult entertainment nightclubs. Public Safety Commissioner Steven Paré and I were outraged when detectives discovered an underage girl working at one of these clubs and soliciting for sex. The trafficking of minors in the underground sex trade is morally reprehensible and intolerable. We will do everything in our power to stop it from occurring in our city.

INVESTING IN OUR QUALITY OF LIFE

Providence has so much more to offer. As Mayor, I am working hard to promote all of our truly outstanding artistic and cultural amenities. We want to bring people into our Capital City, so they can experience our award-winning restaurants, WaterFire, and world-class arts and cultural activities.

Last summer, we worked with our tourism partners to launch a marketing campaign encouraging visitors to “Come to Providence.” Following the campaign, our city’s hotels experienced three consecutive months of more than 80 percent occupancy for the first time in years. Visitors *are* coming to Providence!

We are investing in our neighborhoods. Together with our community partners, we are putting people back to work rebuilding neighborhoods that were hit hardest by the recession. Last year, we put nearly \$2 million toward the rehabilitation of vacant and abandoned properties and to build new affordable

housing. Our Nuisance Properties Task Force is working to address problem properties throughout our city.

We are also investing in a healthier, more sustainable community. We established Providence's first Office of Sustainability, which under the direction of Sheila Dormody has done a great job implementing a citywide recycling program and doing other work to make Providence more sustainable.

We established the city's first Healthy Communities Office, which under the direction of Peter Asen has led the charge in protecting children from the harmful effects of tobacco and is doing other work to make Providence healthier.

We won a major court victory last year over Big Tobacco, upholding our nationally significant tobacco ordinances that prevent the tobacco companies from marketing to our children.

Our Lots of Hope program is transforming five city-owned vacant lots into a working farm in partnership with the Southside Community Land Trust. We'll be leasing the land to the African Alliance of Rhode Island, so that recent immigrants can grow food for the market and for their families.

We also created the city's first-ever municipal composting program. Fifty families are already participating in the West End and on Smith Hill. We've converted over two tons of food waste, helping us to reduce waste going to the landfill.

Early in my administration, I was proud to be the first Mayor in the country to sign the Green and Healthy Homes Compact. This is a nationwide effort that uses minority contractors to provide homeowners with weatherization and energy upgrades. In the last two years, 135 housing units in Providence have received weatherization, health and safety upgrades.

We have committed to making Providence friendlier to bicyclists and pedestrians. In November, I was pleased to join our city's Bicycle and Pedestrian Advisory Commission to unveil 'Bike Providence,' a new bicycling master plan for our city.

NEW INVESTMENTS IN OUR FUTURE

We've accomplished *all* of this. Now, let me tell you what we will accomplish *in the coming months*:

- We know that economic development begins with our small businesses and in our neighborhoods. So as part of 'Putting Providence Back to Work,' on Thursday we are launching a new grant program for small businesses to invest in storefront improvements. I look forward to sharing more information about the program on Thursday.

- We are continuing a comprehensive update of Providence's zoning ordinance. We're bringing our zoning into the 21st century with an ordinance that will support our goals for smart growth, sustainability and public transit.
- Small investments in innovation have the potential to pay off big. So today, I am pleased to announce that I will propose to the PEDP board that we make another \$1 million investment in the IIP program, to fund a second round of startups.
- And we will continue working to implement every aspect of our action plan to put Providence back to work. We've created a new website for you to track our progress in the coming months: providenceri.com/putting-providence-back-to-work.
- We will continue to invest in our infrastructure. The job of fixing 62 miles of roads in Providence was originally expected to take three years. But we have been working hard and have already fixed about 30 miles of roads. We now expect to complete our entire \$40 million dollar road improvement project by the end of this year.
- We are stepping up our investments in public safety. This spring as the Providence Police Department celebrates its 150th birthday, 60 recruits will begin training in a new Police Academy class. It will be the most diverse class in the history of the Providence Police Department. We expect to finish the academy and have the new officers on the streets of Providence before the end of the year.
- And we are adjusting public safety resources to focus on removing illegal guns from the streets of Providence. This spring we will implement the Neighborhood Response Team – a program that leverages state resources in partnership with our Police Department to target criminals who use guns.
- At the same time, we are on course to fulfill a goal that we set at the beginning of this administration to receive national accreditation for the Providence Police Department. We expect to be accredited by the end of the year. This will mean the Providence Police Department is recognized as one of the best-run police departments in the nation, and a model for other cities.
- And to address the abuses in the adult entertainment industry, I have introduced "one strike" legislation that requires the Licensing Board to revoke the license of an adult entertainment club for any finding of prostitution or employing a minor. The legislation also bans private booths in strip clubs, where we know that prostitution flourishes. I look forward to working with the City Council to pass this legislation in the coming weeks.

HARD AT WORK IN PROVIDENCE

Three years ago, on a frigid January morning as I was inaugurated on the steps of City Hall, I pledged to face our challenges with honesty and make the difficult decisions needed to improve our city – even if my decisions were politically unpopular.

The work we have accomplished has not been easy – hard work never is. Not everyone has agreed with all of the difficult decisions we have made. But my commitment has always been to the residents of Providence. I have worked every day to leave Providence better off than it was when I became Mayor.

Not all moments in history are created equal. Some moments are momentous – shaping the course of future events for years to come. These past three years have been a momentous time for our city. Providence was at a crossroads. We chose the path toward a brighter future. It was up to us, and we did what we needed to do to move our city forward. And today I can say that because of us, Providence is better off than we were not long ago. We are restoring hope in our beloved city.

Today we are hard at work and investing in Providence. We successfully averted bankruptcy. We have gone from a budget deficit to a budget surplus. We are responsibly managing our finances while stepping up investments in our future.

And we are headed in the right direction. It is getting easier to do business in our city. Development and construction projects are increasing. In our schools, more of our students are graduating. Crime remains near record lows. We are making investments in a healthier, more sustainable future. Providence is improving. This is the state of our city.

It has been an honor and a privilege to work with you and to be your Mayor these past three years. I look forward to continuing our work together in the coming year. God bless you, and God bless our Divine Providence.

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