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Discretionary spending

Critics rap some of the projects funded by a \$50 million 1996 Providence bond as arbitrary, overly politicized, and too costly

by Steven Stycos

A \$50 million bond issue that was approved by Providence voters in 1996 was pitched as a cure for crumbling sidewalks and potholed streets. But since 1997, the city council and Mayor Vincent A. "Buddy" Cianci have used more than \$1 million from the bond issue for a variety of other projects, including building a restaurant, beautifying an American Legion post, renovating a church hall, and hiring an assistant principal at a private school.



Edith Ajello

Cianci and a majority of councilors say the spending supported worthy efforts, and they want Providence voters to approve another \$50 million bond, on the November 7 ballot, for additional street, sidewalk, park and non-profit projects. But the city continues to lack a specific capital spending plan, and critics fault the process for spending bond money as arbitrary, subject to political pressure and unnecessarily expensive.

"Nobody has presented me a plan that is real capital investment spending that would justify borrowing money," says state Representative Edith Ajello (D-Providence), who represents the East Side. Under Providence's method of lumping many projects together under the ambiguous umbrella of "Redevelopment and/or Capital Improvements," she notes, "There's just no way for me to feel secure at the end of that period, when the interest and principal are paid off, that we're going to have something worth \$50 million."

The city council, except for Ward One Councilman Robert M. Clarkin, supports borrowing another \$50 million. Proponents say the money -- a small fraction of the entire bond -- will go for long-standing neighborhood needs that would otherwise

remain unaddressed in a city squeezed by an exploding school population and limited property tax revenues.

"The whole south side was ignored for many years, and this was a chance to get some infrastructure work done," says Ward Nine Councilwoman Patricia Nolan, explaining her support for the 1996 bond and the current proposal. Ward 10 Councilman Luis Aponte also supports another \$50 million bond, "basically because there are not a lot of other funds we can use to do what we have to do."

But George Peterson, a senior fellow at the Urban Institute in Washington, DC, calls the approach "an unusually politicized way of spending." Cianci and the council agreed to divide most of the 1996 bond equally among the city's 15 wards, and each council member was given \$2.2 million to spend at their discretion.

Although the bonding was originally pitched by Cianci to repair sidewalks and streets, the broad ballot language and divided decision-making allowed council members to pursue a wide range of other projects, including printing a book of literature written by Providence school children, installing a fence at the Fox Point Boys & Girls Club and buying a dehumidifier for the Center for Hispanic Policy & Advocacy (CHisPA).

Acting without a city-wide plan, city councilors used their own knowledge of neighborhood problems to determine priorities. According to the bond program's administrator, Thomas Glavin, the city's associate director of planning for special projects, the largest expenditures were \$8.8 million to repair sidewalks in front of 5000 houses, \$4.5 million to rejuvenate 54 parks, and \$10.2 million to repave 90 miles of streets. Another \$2.2 million was spent to demolish 119 abandoned buildings, Glavin says.



Patricia Nolan

Councilors also financed other projects, which they describe as neighborhood improvement efforts. For example, \$450,000 was used to renovate a strip of commercial stores in Wiggin Village, \$100,000 went for new windows at the CityArts! building, and \$25,000 bought outdoor cement furniture, awnings, an electronic key system, and other improvements at the Lts. Armstrong-Gladdings American Legion Post in the West End. In at least two cases -- grants of \$42,000 to South Providence's Holy Cross Church of God in Christ, and \$25,000 to San Miguel School in the West End -- the city has no receipts to document expenditures by the non-profits.

Not everyone wants the new bond to pass. "To borrow \$50 million, with no detailed plan and procedure for approval of projects, invites problems," says state

Representative David Cicilline (D-Providence), who represents the East Side and is co-chair of Providence's caucus in the House.

Clarkin argues that the bond is too expensive. "There have been a lot of improvements," he says, "but at what cost?" Once issuance costs are subtracted, the 1996 bond financed \$45 million of projects. But interest payments will cost an additional \$46 million, requiring the city to spend \$4.3 million a year until 2019 to pay off the bonds, according to Alexander Prignano, Cianci's director of finance.

Cianci, though, offers unreserved praise for the first \$50 million bond and he's eager to get started with the second one. "It was a wonderful program in the past," he says. "It will continue to be in future." Although no definite list of projects has been compiled for the next \$50 million bond, Cianci talks enthusiastically about developing a botanical garden, enhancing greenways, building housing and planting street trees. How the money will be divided has yet to be determined, he says. Most council members interviewed, however, expect a large chunk to again be equally divided between the city's 15 wards.

Asked about some of the questionable projects funded by the last bond, Cianci says, "I'm the mayor, not the councilman. If you thought I [determined] which sidewalks, which non-profits got money, which streets got paved, that was wrong." As for criticism that the discretionary spending from the 1996 bond was influenced more by politics than planning, Cianci responds, "Everything is political."

IN 1997, Cheryl Spears and her mother, Fannie King, were searching for a place to open a soul food restaurant. They looked at several spots, Spears says, but either the location was poor, the rent was too high or the site required expensive renovations. Then, Spears say, they hooked up with Ward 11 Councilwoman Balbina Young, who knew the city had a vacant building available -- the old Cherry's strip club on Broad Street, across from Classical High School. The city owned the block-long building and was looking for a tenant.

Young arranged a meeting with John Palmieri, director of the Providence Department of Planning and Development, and deputy director Joseph Abbate, Spears says, and soon she was soliciting bids for repair work at the building "on behalf of the city."

Work started in the summer of 1998. Contractors selected by Spears constructed a new roof, made structural improvements and built new stairs. The bills were paid from Young's \$2.2 million share of the bond. In a typical letter, Young wrote to Glavin, "Please be advised that I am authorizing the expenditure of Ward 11 Bond monies in the amount of \$17,140.00 for Ms. Fannies Soul Food Kitchen, 242 Broad Street for window installation."

In all, the city spent \$72,000 to renovate the building, according to city records. Then, in September 1999, the Providence Redevelopment Authority sold the structure to Spears and King for \$1, according to Spears and the deed. The proprietors of Miss Fannie's also received a \$125,660 loan from the Providence Economic Development Corporation to outfit the restaurant. The restaurant was

officially unveiled during a ribbon-cutting ceremony, featuring Cianci and Young, in April 2000.

While the Providence routinely helps many businesses by granting tax breaks and making low interest economic development loans, Miss Fannie's appears to be the only for-profit business that directly benefited from a bond originally promoted as a way to repair streets and sidewalks.

Today, Spears estimates the city is "90 percent" responsible for Miss Fannie's, and she says of Young, "She was most of the 90 percent."

Young, who, in addition to other projects, used \$2995 in bond money to purchase a phone system for the non-profit Oasis Community Development Federal Credit Union, didn't return phone calls from the *Phoenix*.

THE PROCEDURE that delivered \$72,000 for Miss Fannie's is typical of the process used to spend the \$50 million bond. After voters approved the borrowing, the city council passed an ordinance in April 1997 dividing \$33 million between Providence's 15 wards. "Each ward," the ordinance states, "shall specify the dollar amount allocated to each project and identify the expected work to be completed." While city department heads made suggestions, "The council person ultimately made the decision," says Glavin, a former councilman.

This idea, says council Majority Leader Ronald Allen, the Ward Eight councilman, came from Cianci's office. "That was a great political strategy on the part of the administration to get passage of the concept, but in hindsight, it's not a good way to do business," Allen says. "It should be based on need." Nevertheless, Allen and Nolan say the equal division by ward brought more money to their low-income neighborhoods than ever before.

In the past, Allen observes, most funds went to the wards that were most supportive of Cianci. When money did trickle down to redo Elmwood sidewalks, Nolan adds, the city wanted to install less costly asphalt instead of concrete.

Once the April 1997 ordinance passed, the \$50 million bond became 16 separate bond issues: \$2.2 million for each council member and \$12 million for city-wide projects determined by Cianci. The remaining \$5 million paid for bond issuance costs and making initial interest payments.

Council members used different methods to determine which projects to support. Allen hopped in his car and drove around his ward, noting streets that needed to be repaired. Nolan had the Project Area Committee, an assembly of some 40 neighborhood activists working on an Elmwood redevelopment plan, consider pleas for funding, rate them, and then decide which should get funded.

Once council members decided upon projects, each one had to be approved by the full council and Cianci. Council resolutions routinely packaged together 10 or 20 individual projects, such as money for Miss Fannie's, \$113,000 for dredging York Pond, and \$300,000 for a West Broadway home improvement revolving loan fund.

The bundling of projects ensured broad support, because council members typically pay little attention to money spent outside their wards.

As Clarkin says, "Who am I to judge another area? I don't go into someone else's ward and say, 'What sidewalks are you doing? Is this a friend of yours?' and I don't think any other council person does."

Adds Nolan, "We really don't know what other council people are doing in their wards."

Council members retained control of projects even after they were approved by the full council. In September 1998, the council approved Nolan's plan to spend \$30,000 to make the Center for Hispanic Policy and Advocacy building on Elmwood Avenue handicap accessible, repair the roof and hand rails, and buy the non-profit organization a dehumidifier for the basement. But in February 5, 1999 letter, Nolan ordered Glavin to put the allocation "on hold," because "CHisPA now seems to have a political agenda (see attached flyer), and it is not my intention to put bond money into an organization with a political agenda."

The designated flyer announced a meeting, hosted by four recent Hispanic candidates, including Miguel Luna -- who had unsuccessfully tried to unseat Nolan three months earlier -- to promote other Latino hopefuls.

Less than a week after receiving Nolan's letter, Glavin responded in writing. He explained that CHisPA had already spent \$14,315, but added, "***Until notified by you, the remaining \$15,685 will be placed on hold indefinitely***" (italics and bold in the original memo).

Victor Capellan, who was CHisPA's executive director at the time, thinks Nolan's objections were based on Luna's involvement, but she denies that. Nolan says she was worried that Capellan, who had just run unsuccessfully for the legislature, was turning the non-profit agency into a political organization. After meeting with CHisPA leaders, Nolan relates, "I found out I was wrong," and she released the money.

In another case demonstrating the council's ongoing involvement with bonded projects, a change order for metal decking and exterior brick work on the Wiggin Village construction project required Councilwoman Young's approval, because it involved spending more of her bond funds.

Not every council recommendation was approved. In July, Nolan sought a \$5000 start-up loan for the new Washington Park Foundation, but the request was denied because federal regulations prohibit using Community Development Block Grant money to repay local bond funds, Glavin and Nolan note. And Nolan's request for \$641 to pay for rented tables, chairs and a tent at the Elmwood Foundation picnic on August 26 will also be denied. "We don't write checks for picnics," scoffs Glavin.

After a project was authorized by an individual council member and the full

council, itemized bills were sent to Glavin and checks issued. But in at least two cases, checks were issued to non-profit groups without receipts.

In December 1997, at Allen's request, the council approved \$25,000 for "capital assistance" for San Miguel School, a non-religious private school for 60 at-risk boys. Even though there were no receipts, the city sent a \$25,000 check to the school in February 1998. Small grants to non-profits were sometimes handled that way, Glavin says.

The money was used, says principal Lawrence Goyette, to pay the salary and health insurance for an assistant principal for a year -- a use that caught Allen by surprise. "I don't know about that," the council majority leader says. "I believe it was intended for improvements to school buildings." The Urban Institute's Peterson says the funding of an assistant principal's salary is "unusual," since 20-year bonds typically pay for uses that last at least that long.

Checks authorized by Allen, Nolan and Aponte were also issued without receipts for the Holy Cross Church of God in Christ, located on Broad Street. In all, \$42,000 was given to the church, say the three councilors, to renovate rooms used for afterschool programs and community meetings. The church's pastor, Bishop Robert Farrow, "was supposed to give me some information," explains Glavin. "He is supposed to be sending me some invoices."

But Farrow says the city never asked for invoices. Walking under the community room's new ceiling lights and across the adjoining rooms' new carpeting, the pastor says city inspectors closely monitor the work being done. "Nothing of the city money has been used in the sanctuary part," Farrow emphasizes. "It's all used in the community part."

Steve Brown, executive director of the Rhode Island chapter of the American Civil Liberties Union, says the expenditures raise concerns about the separation of church and state. The ACLU doesn't yet have enough information to pass judgment, Brown relates, but he adds, "If they're just giving money to a church with no written standards . . . That in itself is problematic."

Cicilline also objects to the use of bonds to help non-profit agencies. "It's irresponsible to ask the residents of the City of Providence to make donations to non-profit organizations," says Cicilline, a likely mayoral candidate in 2002. "It's not appropriate to use borrowed money . . . it shouldn't happen."

Allen, Nolan and Aponte say they had concerns about the church and state issue, but they concluded the money was a permissible use if it benefited the community and wasn't being used to deliver religious doctrine.

As for receipts, Allen says, "It's Mr. Glavin's responsibility that we dot our i's and cross our t's on what the expenditures are."

IF PROVIDENCE VOTERS approve another \$50 million bond in November, most observers think the program will be administered in the same way as the previous

one.

Allen says his top priority is purchasing tens of thousands of trash cans for homeowners to help eliminate Providence's rat problem. He also has a backlist of people who need new sidewalks. Nevertheless, he hopes the next bond will be "less political and more scientific," and rely more heavily on a professional planning.

Aponte, though, says, "I don't hold out a lot of optimism that will happen. "It's very political. People as elected officials want to make sure they bring home their portion of the bacon."

Saying "Streets and sidewalks is the cornerstone of the improvement program," planning director Palmieri provided the *Phoenix* with a draft plan for neighborhood spending projects. But the list contains no specific project spending amounts. The city's current five-year capital plan also offers few clues. The plan is "simply a listing of the projects each of these [city] departments would like to have funded...with minimal analysis," according to the preface.

Ajello, the state representative, believes the bond's faults extend beyond dividing the money among 15 councilors. First, she says, sidewalks and streets should be repaired with operating funds, rather borrowed money. Clarkin agrees, but Cianci and Nolan describe Ajello's reasoning as flawed. "How much would she like the tax rate to go up?" asks Cianci. "This way, we can make the improvements and the tax rate doesn't go up."

Adds Nolan, "You can tell Edie Ajello we certainly would like it that way . . . but the state's going to have to give us more for schools."

But although Cianci and Nolan are correct to note that spending \$50 million on capital projects over four years would likely force a tax increase, borrowing \$50 million will cost taxpayers about twice that much over the next 20 years because of interest payments.

Ajello is supported by Council Majority Leader Allen criticizing the ambiguous language for the proposed \$50 million bond. In contrast, Ajello observes, Cranston voters typically consider a series of separate bond proposals with specific uses. This year, for example, Cranston residents will be asked to approve six bonds with a total tab of \$35 million. Separate approval will be required to finance open space acquisition, police station construction, sidewalk and road repair, storm drain overhauls, playground and athletic field improvements, and school renovations.

The use of separate bonds, and a prohibition on the transfer of bond funds from one project to another, was adopted by the Cranston City Council in the mid-'90s after some controversial handling of bond money by former Mayor Michael Traficante. "We wanted the voters to know exactly what they were voting for," explains Cranston City Council President Kevin McAllister.

Allen and Ajello support this kind of more direct approach. "This is the taxpayers' money," the majority leader says. "We owe it to them to give as much specificity as

possible. I would not give someone a check for \$5000 and not write down what it's used for."rk -- except in the pages of *Newsweek* -- will demand to be heard. Woof!

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