



March 19, 2017

Dear Fellow East Siders:

Having survived what has to have been the last snow storm of the season, this week's letter will discuss the recall election in Ward Three, the infrastructure bond and the programmatic impact of the 5-year School Department budget.

On Monday, nine members of the City Council met to set May 2 as the date for a special recall election in the Third Ward. The special meeting was necessary to comply with State and City deadlines, but the City Council President refused to schedule it. Instead, I joined five members in petitioning the City Clerk to schedule the meeting, which rendered unnecessary a Board of Elections meeting for later Monday afternoon, the sole purpose of which would have been to schedule the election had the City Council defaulted on its legal obligation. While this type of last-minute action is better than a default, it portrays an image a dysfunctionality (as described in Friday's Providence Journal [lead editorial](#) that tarnishes the City's image in the General Assembly, a self-imposed setback that may exceed any gains that the City Council's recently hired lobbyist can overcome.

On Wednesday, the Federal Reserve Bank announced a 0.25% increase in the target range for the federal funds rate. This is the second such increase since Election Day, the first occurring last December. Each 0.25% increase in interest rates adds approximately \$1.2 million to the cost of borrowing for a \$40 million bond over 20 years, or approximately \$900,000 in present-day value. In other words, if the City issues a \$40 million infrastructure bond this Spring, that bond will have higher payments totaling almost \$2.4 million over the term of the bond when compared to what the cost would have been if the City Council had not blocked the issuance of the "zombie bond" approved by more than 85% of the voters on Election Day. To put it another way, if we issue an infrastructure bond this Spring, it will finance just under \$2 million fewer in projects than the same payment schedule would have supported last November. In this way, the City Council leadership's insistence on Cianciera individual "ward accounts" has squandered around \$2 million of the City's money as interest rates have risen. It took a concerted effort of City-wide pressure to convince the Council leadership it was necessary to attend Monday's meeting and schedule the recall election in Ward 3. I am hopeful Monday's success will provide momentum to induce the City Council leadership to reconsider the damage they are causing the City (both directly and indirectly in the General Assembly) by blocking the issuance of a "clean" infrastructure bond.

On Wednesday night, the Superintendent and School Board President reported to the Education Committee concerning the potential programmatic impact of deficits contained in the current 5-year budget. The deficits result from the conclusion of State aid increases, flat federal aid (which actually may decrease over the period), loss of revenue to the recently-approved expansion of Achievement First (without corresponding savings due to fixed costs), and assumed 1% annual increases in teacher pay and utility costs. The resulting deficits of \$12 million in 2018-19, increasing by \$12 million each of the subsequent three years, will make it impossible for the School Department to provide students with the minimum program requirements under the State's Basic Education Plan. If this happens, students will be exposed to catastrophic conditions, and the State will have to consider intervention, a result both the State and the School Department would seek to avoid.

Sincerely,