



May 10, 2015

Dear Fellow East Siders:

I hope your Mother's Day celebrations were memorable. This week's letter discusses the streetcar plan, the City Council's review of the budget and the downtown baseball stadium.

The Bond Study Commission will meet this week to hear a presentation concerning the proposed streetcar plan, which would require more than \$50 million in bond financing. The [Proposal](#) calls for "tax increment financing," under which the payments are guaranteed with anticipated increased tax revenues rather than with the City's full faith and credit. With that said, I remain concerned that if the anticipated revenues do not materialize, the City's bond advisors will urge the City to "bail out" the project or else face a risk to its own credit rating. The presentation will take place on **Wednesday, May 13 at 6:00 p.m. at City Hall, Third Floor**. The City Council's Finance Committee will hold a public hearing on the streetcar plan the following night, May 14, at 6:00 p.m. also at City Hall. The public is invited to attend either or both of these meetings.

The City Council is reviewing both the administration's management of the current year's budget and the Mayor's proposal for next year's budget. In the current year, the administration effectively pulled a fiscal "rabbit out of a hat" by refinancing some outstanding bonds at a lower interest rate, yielding \$5 million in additional money to close unanticipated gaps in this year's budget. Also, the administration has announced its intention to liquidate this year's entire \$3 million "rainy day fund" allocation for long-term savings to pay for this year's bills. In other words, the administration has acknowledged at least \$8 million in shortfalls in the current year budget that it has addressed in these ways. While the bond refinancing is a windfall without long-term consequences, the liquidation of the "rainy day fund" is problematic in two respects. First, the fund was not designed to be a "piggy bank" for the administration to spend on anything it chose; instead, it was designed to be saved unless the City Council approved the current year expenditure (which approval this administration has never sought). Second, the State is monitoring the City's repayment of accumulated deficits from the "fiscal hurricane", and the administration has conceded it will not use this year's "rainy day fund" for that purpose. As a result, the State will require the City to pay the remaining amount owed (more than \$8 million) over the next two years. In this way, the administration's handling of the current year's budget raises concerns about the budget it proposes for next year – we cannot afford to liquidate next year's "rainy day" fund in this way, and we cannot be cavalier about unrealistic budgeting assumptions for next year.

The public's interest in the downtown baseball stadium proposal continues to mount, so I have created a new section on my website's Issues page to collect information about the City's review. On the current page, you can read my [Providence Journal Op-Ed analysis of the proposal](#), a [Resolution](#) I introduced and which the City Council unanimously passed inviting the team ownership to answer our questions in a public meeting, my [Interview](#) discussing the proposal on the Dan Yorke State of Mind television show, and a recent [Article](#) in the Providence Business News noting the team owners' campaign to encourage citizens to lobby the General Assembly to approve their proposal, even as the owners themselves have yet to meet with the Providence City Council. As noted last week, I will be co-hosting a public meeting with our local General Assembly representatives (Aaron Regunberg, Edith Ajello and Gayle Goldin) to seek your ideas about the downtown baseball stadium proposal. The meeting will take place on **Monday, May 18 at 6:00 p.m. at the Hope High School Cafeteria**. The formal discussion will begin at 6:30.

Sincerely,