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Allan W. Fung
Mayor

November 19, 2014

Kevin Flynn
Associate Director of RI Statewide Planning
One Capitol Hill
Providence, RI 02908

RE: RhodeMap RI Economic Development Draft Plan

Dear Associate Director Flynn and Technical Committee Members:

I want to thank you for the extensive time, effort and work that you and others have put into crafting the draft Economic Development Plan for the future of Rhode Island. I have finally had the opportunity to review the draft document and wanted to express my thoughts before you take any final action on it. Unfortunately, I will not be able to attend tomorrow's hearing in person as I have a conflict so I hope that you will accept my letter as part of the public comment phase of the hearing.

I recognize that there is a lot of good recommendations in the document that would assist our business climate in the state. However, I share some of the same concerns as previously expressed by the Rhode Island Public Expenditure Council at an earlier hearing about some policies that are contained within the document and question how it relates to economic development. Thus, I would ask that the technical committee not approve this document without addressing those concerns expressed below.

My main concern is with respect to the social equity principles outlined in Appendix A. I personally believe in limited government intervention and free market principles. I have tried to foster a better business environment in Cranston based upon partnering with businesses and developers and getting out of their way so that they can open or expand. I believe the results in Cranston speak for themselves as we have seen new developments and businesses open as well as numerous existing companies expand or redevelop.

With this backdrop in mind, I don't see how we as a state should mandate the social equity principles outlined in appendix A as part of economic development projects for business owners or developers. This is a big concern to me especially since it is "expected that these principles will be followed and adhered to in all RhodeMap RI committee work and activities." As outlined in the draft plan itself, there are already numerous burdens that businesses and

developers already encounter and have expressed complete frustration about the process. What business would consider relocating here if there are further social equity mandates that would be imposed on their potential project? If anything, this should be a consideration that the companies, as good corporate citizens, make consciously themselves.

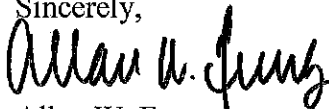
The first principle that I need clarity is subsection C. which states that we must “use public funds for public good, particularly marginalized populations in the community, **not private profits.**” Further, it goes on to state that public tax programs should not be used to finance projects that “**overwhelmingly benefit big businesses,** at the same time that other needed programs and services suffer from not enough funding.” Are the committee members truly suggesting that government should never help a private sector company, particularly big businesses that could employ hundreds if not thousands of Rhode Islanders? We need to consider a smart business growth strategy and keep open the possibility of all economic development tools, including but not limited to loans, tax incentives or the like to keep businesses here or attract them to our state. This should be done without regard to the size of business. What I will say is that we must be smart and careful in how we invest our taxpayer dollars so that we do not fall into another risky investment like 38 Studios.

Second, subsection B that ensures that development is focused on people states that we must invest in a “living wage”. In my opinion, the decision on what is the right amount for our minimum wage should be a policy debate left to the state legislature after a full public hearing and ultimate vote on the bill. We should not have individual mandates, particularly at the local level, about what an employer should be paying their employees before a project is undertaken. Also in this subsection, it asks that development projects ensure that there are community benefits agreements to “maintain current housing costs.” This is asking a lot of developers and should not be a mandate. I believe in workforce housing but this should be a consideration of the developer as part of their individual project and not forced upon them.

The next concern is with respect to resiliency plans for our infrastructure at the local and state level. I have a concern with respect to the potential “high” costs that this would have on our state and particularly on our municipalities. While there are some steps that municipalities can take to reduce or mitigate our risks, I am extremely concerned about the overall costs. I must reiterate that our local funding is mainly from the local property tax, which is already a high burden in this state. Many of the mandates that you are considering must not impose more financial burdens on the local taxpayers.

Thank you for considering my comments.

Sincerely,



Allan W. Fung
Mayor
City of Cranston