

City of Providence

# **Question 8: Providence Roads Bond**

Community Information Meetings



**Fall 2012**

**[ProvidenceRI.com/roadbond](http://ProvidenceRI.com/roadbond)**

# Introduction



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# Providence Roads



“After years of wear and tear, cuts by public utility companies, and much patching, **the number of bumps seem to equal the number of smooth spots.**”

— Providence Journal

July 30, 2012



Providence Journal Photo

# Question 8: Providence Road Bond



## Local Questions:

### **8. Finance the Design, Construction, Repair, Rehabilitation and Improvement of Streets and Sidewalks**

**\$40,000,000**

Shall an Ordinance of the City Council effective on July 31, 2012 authorizing the issuance of up to \$40,000,000 general obligation bonds of the City to finance the design, construction, repair, rehabilitation and improvement of streets and sidewalks in the City, including but not limited to, drainage, traffic control devices, safety improvements and landscaping, pursuant to Rhode Island General Laws § 45-12-2 and § 807 of the City's Home Rule Charter, be approved?

# Current State of Providence Roads



- **65 miles of roadway** (17 percent of City-maintained roads) identified for repair.
- **Pavement Condition Index** of roads identified for repairs: 28 to 84(out of 100).
- **Average PCI** of roads selected identified for repairs: **53**.
- Providence residents have listed **road conditions as their biggest complaint.\***

\* 2006 Citizen's Satisfaction Survey commissioned by the Cicilline administration.

# Scientific, Merit-Based Approach



- Independent civil engineers from **Vanasse Hangen Brustlin**, not politicians, surveyed Providence roads.
- Looked at **four criteria**:
  - **Pavement Condition Index (PCI)**
  - Amount of **vehicle traffic**
  - **Estimated cost** of repair
  - Useful **life of repair**
- Data-driven, **merit-based** approach.

# Costs of Delayed Maintenance



- **Costs taxpayer money:** Since 2008, payments to settle lawsuits and claims associated with roads and sidewalks have tripled.
  - 2008: less than \$75,000
  - 2011: more than \$235,000
- **Costs drivers money:** Road conditions in Rhode Island (including Providence) cost drivers \$473 per driver each year.\*
- **Costs city money:** Each year, Providence spends approximately \$200,000 repairing aging roads.

\*based on 2009 report by American Association of State Highway and Transportation Officials. Figure includes all of Rhode Island. In Providence, the figure is likely higher.

# Benefits of Road Repairs

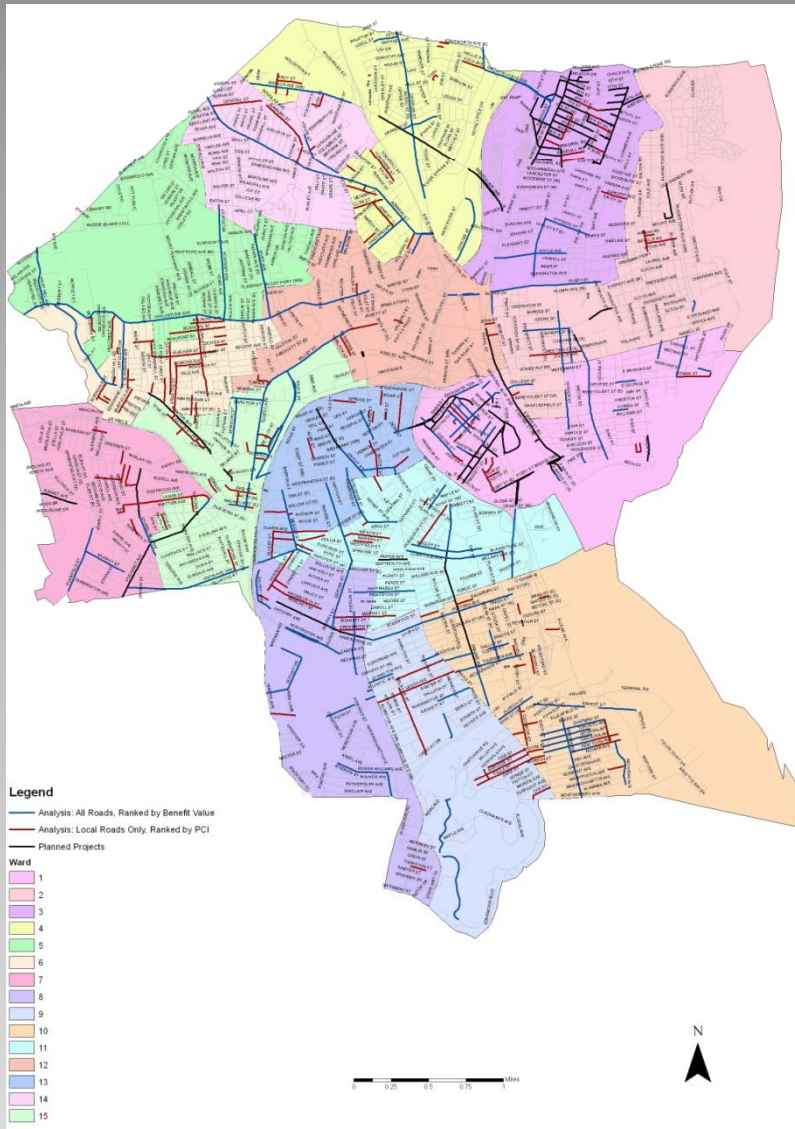


- **Economic Development:** Maintained roads help recruit and retain businesses and make our Port more marketable.
- **Job Creation:** The \$40 million bond could support more than 750 jobs in Providence.\*
- **Save Taxpayer Money:** Road improvements now will prevent costly repairs later.

\*Assumes **19 jobs per \$1 million** of infrastructure investment. Source: How Infrastructure Investments Support the US Economy, Employment, Productivity and Growth – **University of Massachusetts Political Economic Research Institute**, January 2009



# Proposed Road Improvements



- **Blue:** All Roads (ranked by Benefit Value)
- **Red:** Local Roads (ranked by PCI)
- **Black:** Planned Projects\*

\*Budgeted separately from \$40 million bond. Many of these projects have already started.

# Extenuating Circumstances



While projects have been identified and DPW has outlined a proposed schedule for projects, **construction times and final projects may be amended** based on circumstances outside the city's control, including but not limited to:

- Private development projects yet to begin
- Emergency utility work
- Unexpected road decay
- Unanticipated changes in cost of repairs

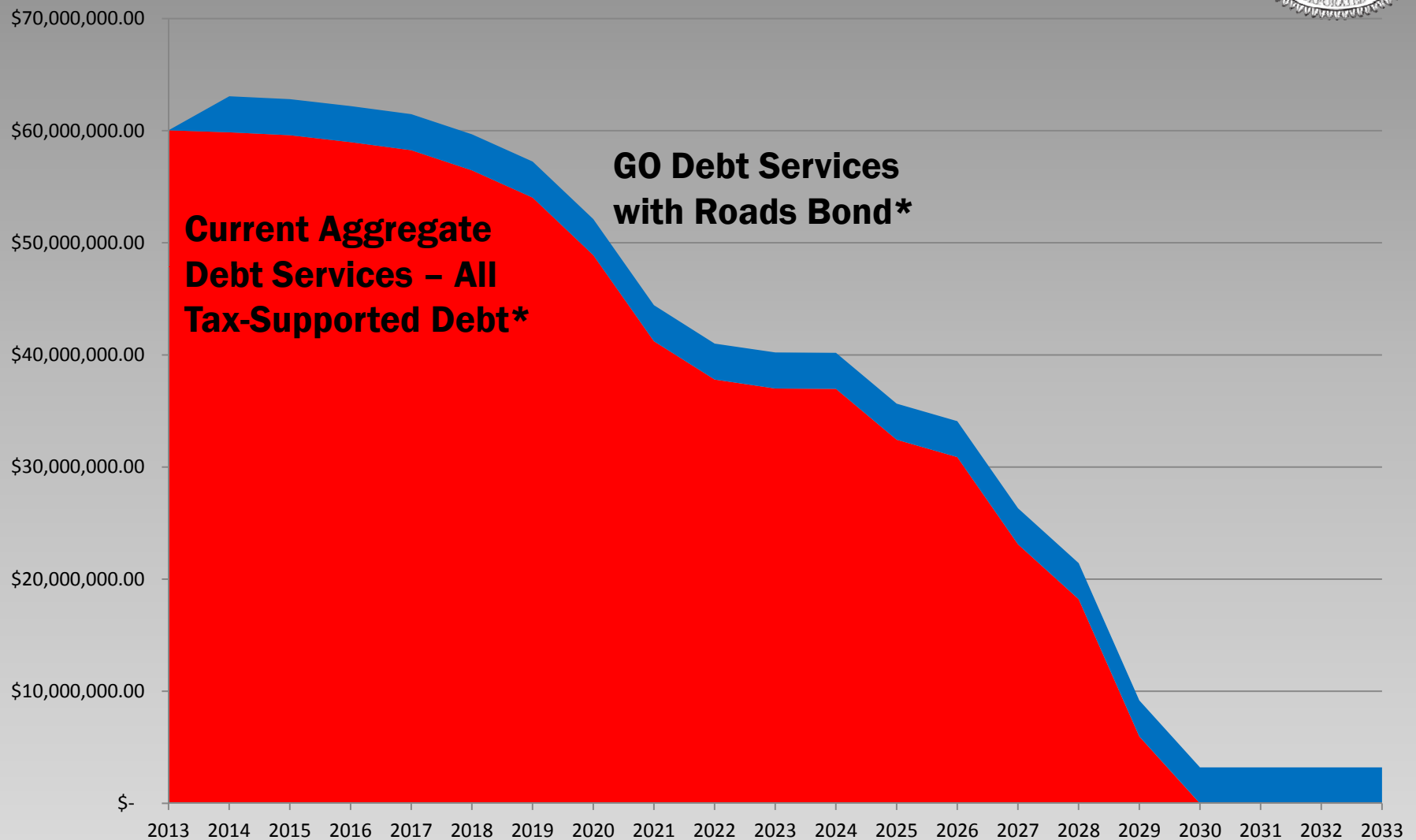
# Finance Overview: \$40 Million Bond



- **Providence voters will decide** whether the City can take out a \$40 million general obligation bond.
- **General obligation (GO) bond:** GO bonds are viewed by investors as a safer investment than revenue bonds, providing governments with a lower interest rate on those bonds.
- Bond will cost taxpayers **\$3.2 million annually.\***
  - Total debt service (principal, fees and interest) over 20 years: \$64,301,722
- Between FY12 and FY13, the City's **total debt services declined \$2.7 million** from \$69.7 million to \$67 million.

\*Information is preliminary and subject to change. This figure assumes 5 percent interest rate.

# Providence Tax-Supported Debt Services



\*Assumes no addition bond borrowing after issuance of the proposed bond.

# Question 8: FAQs



## **When will Question 8 be on the ballot?**

November 6, 2012.

## **If passed, when does construction begin?**

Construction will start in Spring 2013 and run through Fall 2015.

## **Do individual Council Members have discretionary control over available funding?**

No. DPW briefed Council Members on the rationale for selecting the roads and considered their suggestions.

## **Why isn't my street getting repaved?**

Streets were ranked based on the benefit value and condition of the road. Only the highest ranked streets that could be paved with the allocated funding were included.

## **Will there be any changes to the proposed projects?**

Projects could be subject to amendment based on matters outside of the city's control, including emergency utility work, unexpected road decay, private development that has yet to begin and changes in the anticipated project costs.

## **Is the City coordinating projects with utility companies?**

The Department of Public Works provides the utilities with a list of all planned projects and requests that upgrades and maintenance work be scheduled to align with those projects whenever possible. DPW will meet monthly with the utilities to coordinate road work and utility maintenance.

**More Information:**  
**[www.ProvidenceRI.com/roadbond](http://www.ProvidenceRI.com/roadbond)**



**QUESTIONS?**