

City of Providence Ten Year Plan: Summary of Key Benchmarking Findings

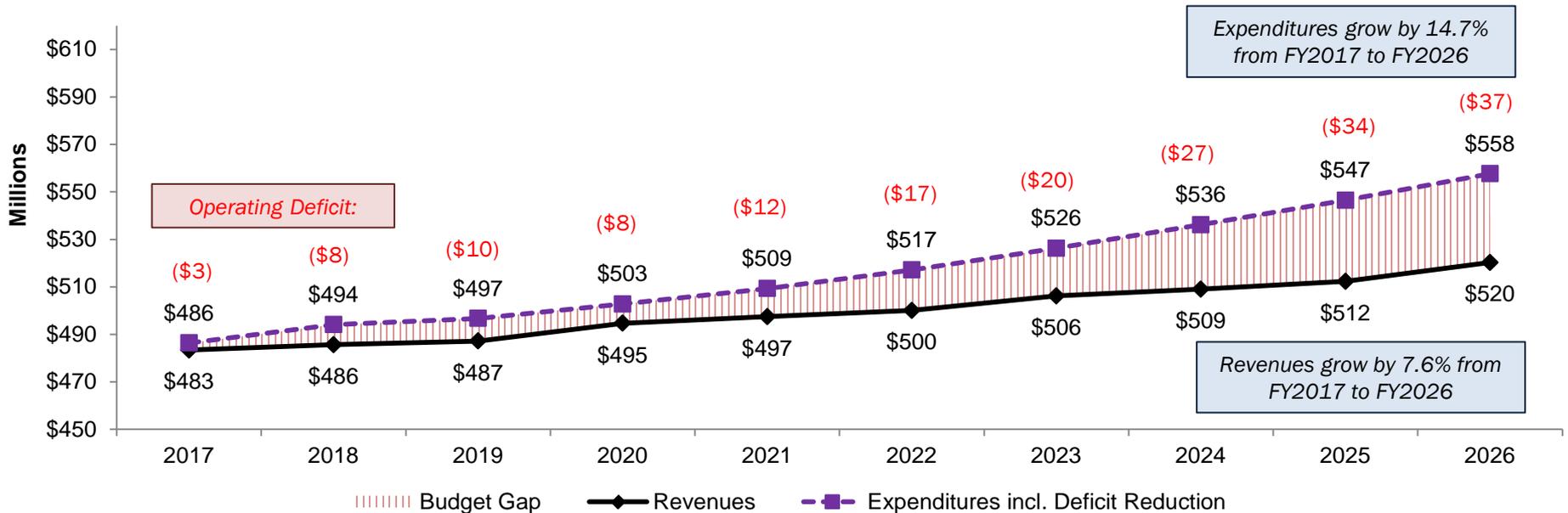
April 6, 2016

Defining the Challenge:

Projecting the Deficit

- The baseline projections (e.g. without any investment in infrastructure, talent/salaries, children) show a structural deficit – recurring expenses are growing faster than recurring revenues – with the City relying mostly on the property tax to fund expenses. Expenditure increases are driven by rising active and retired employee costs that are expected to grow faster than revenues
- In the near-term, the City’s projected baseline deficit in FY2019 – without layering in necessary OPEB funding – is nearly \$10 million; approximately equivalent to 105 police officers or a commercial and residential tax rate increase of 4%

General Fund Baseline Projection, FY2016 - FY2026



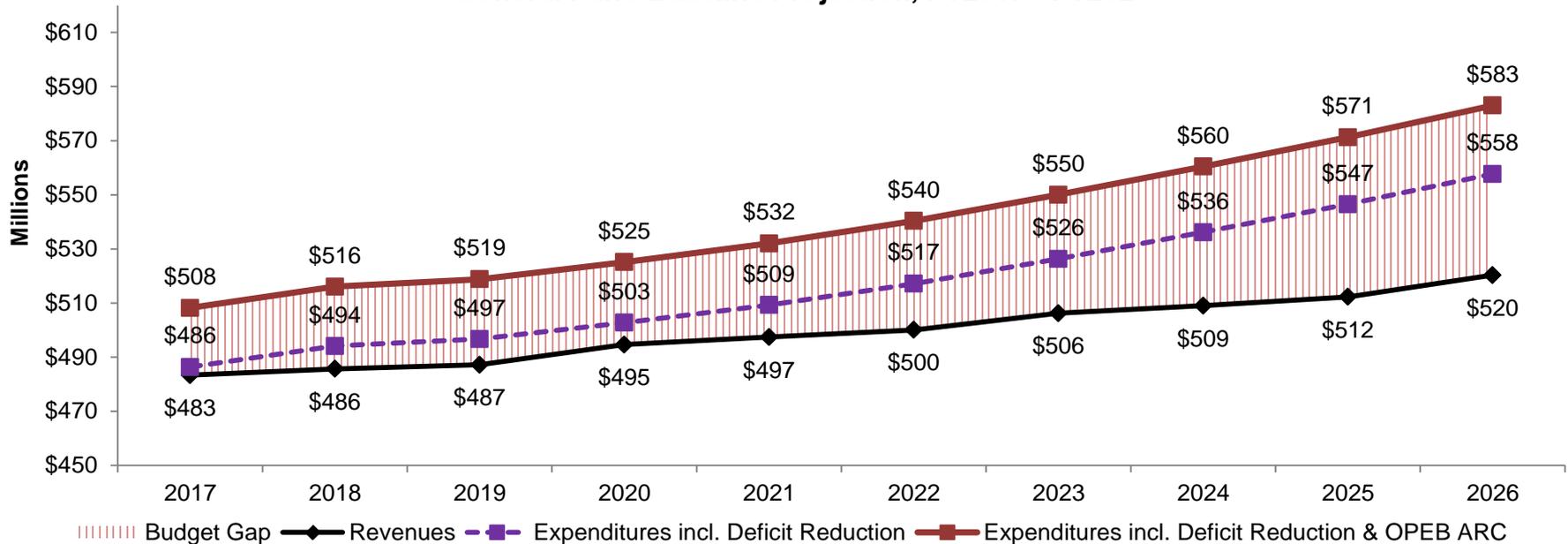
Note: Projected savings from PFD call back savings are not included in baseline projection due to the ongoing legal proceedings.

Defining the Challenge:

Projecting the Deficit

- If the City does nothing else differently, it will face a structural deficit – without even considering the full cost of necessary and required OPEB funding – of more than \$37 million by FY2026; a sum approximately equal to 11% of the non-schools FY2016 General Fund budget, and more than 52% of the FY2016 Police Department budget.
- Even if the City closes this gap, it will not have the resources needed for critical investments in education and infrastructure – let alone reasonable increases in salary over time. As a result, the goal cannot be to just “close the gap,” but rather to create sufficient funding to truly address the City’s fiscal and operational needs.

General Fund Baseline Projection, FY2017 - FY2026



Note: Projected savings from PFD call back savings are not included in baseline projection due to the ongoing legal proceedings.

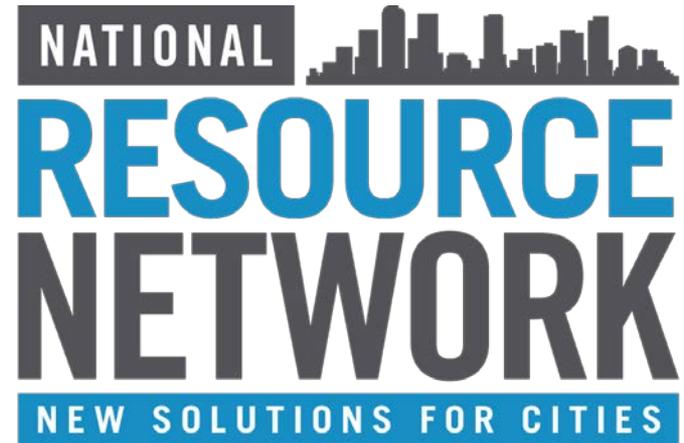
Defining the Challenge:

Key Drivers of Fiscal Gap

- The City's projected baseline fiscal gap is principally driven by four factors:
 - The City's unfunded pension and OPEB liabilities
 - Growing health benefits costs (health care and other benefits)
 - Revenue growth that cannot balance long-term expenditure growth and the past loss of State Aid
 - Maintenance of high carrying costs (e.g. workforce levels, overtime)

FY2017-FY2026 Baseline (% Change)

- Total Revenues: 7.6% (\$36.9M)
 - Taxes: 10.2% (\$37.5M; \$36.0M from local taxes)
 - State Aid: 4.9% (\$1.7M; does not include school debt construction)
 - Local PILOTs: -8.0% (-\$836,000; not including Manchester St transition to tax base in FY2017)
 - Flat fines and forfeitures: 0.0% (\$0)
- Total Expenditures: 14.7% (\$71.3M)
 - Salaries and cash compensation: 1.3% (\$1.6M)
 - Health care (Active and Retiree): 59.5% (\$30.3M)
 - Pension: 35.3% (\$21.7M)
 - Service and Fees: 36.0% (\$6.4M)
 - Debt Service: -6.0%; (-\$4.0M)
 - Deficit Reduction: 221.2% (\$11.6M)



Benchmarking

Benchmarking

- Throughout this analysis, Providence is compared to a series of New England cities to provide context
- Benchmarking is an organizational tool through which a City measures its performance (cost for services or productivity) against its relative comparators
 - Measure an internal process against an external standard
- There are no perfect twins when comparing one jurisdiction to another
 - Multiple factors may help to explain variation in performance among city comparators, such as:
 - Variation in governance structure and service requirements
 - Ability to pay for services
 - Differing demographic challenges

Developing Comparators

- The process helps to uncover areas of strength and/or weakness and, as appropriate, suggest opportunities to translate weaknesses into strengths
- Benchmarking can inform managers determination of best practices, prioritization of opportunities for improvement, enhancement of performance relative to customer expectations, and to leapfrog the traditional and slower government cycle of change
- Benchmarking is NOT a prediction of what will happen in Providence if the City mirrors practices of its comparators
- Selected Comparators:
 - The eight New England cities with largest populations using 2010-2014 U.S. Census Bureau ACS data (excluding Boston due to its significantly larger population) and Warwick (as next largest, RI jurisdiction) to provide additional RI-specific context
 - Inclusion of Cranston and Pawtucket for additional RI-specific context in certain instances

Rhode Island	Connecticut	Massachusetts	New Hampshire
Cranston	Bridgeport	Springfield	Manchester
Pawtucket	Hartford	Worcester	
Warwick	New Haven		
	Stamford		
	Waterbury		

Note: Manchester, NH uniformed police and fire employees participate in a State-sponsored retirement system. Additionally, Manchester offers a access to OPEB through a 100% retiree-funded premium. As a result, Manchester's retiree liabilities are substantially different than the other comparators for retiree benefits and is excluded from such comparisons.

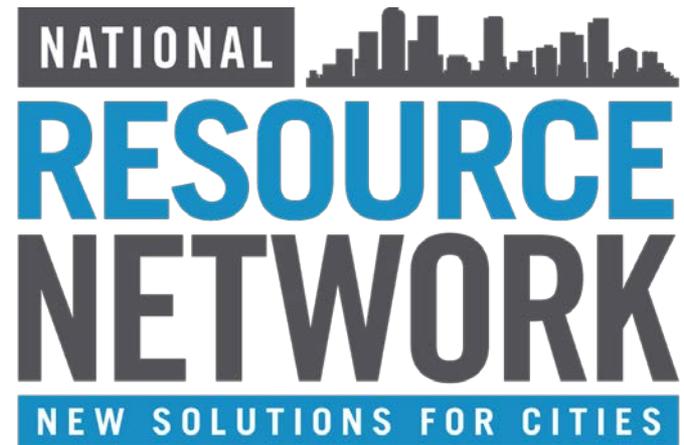
High-Level Comparison to Benchmarked Cities

- Among comparators of similar size, Providence is serving a more financially challenged population with fewer resources

City	Population	% Below Poverty	% Unemployed	Median Household Income	Moody's Credit Rating
Providence, RI	178,562	29.7%	7.5%	\$37,514	Baa1/Negative
Warwick, RI	82,065	7.3%	5.2%	\$62,803	A1/Negative
Pawtucket RI	71,313	21.4%	7.1%	\$40,578	Baa2/Stable
Cranston RI	80,680	11.2%	6.0%	\$58,684	A2/Positive
Bridgeport, CT	146,680	23.6%	9.1%	\$41,204	A2/Negative
Hartford, CT	125,211	34.4%	10.6%	\$29,313	A3/Negative
New Haven, CT	130,553	26.4%	7.7%	\$37,508	A3/Stable
Stamford, CT	125,401	9.9%	5.1%	\$77,221	Aa1/Stable
Waterbury, CT	109,887	24.2%	9.3%	\$41,136	A1/Stable
Springfield, MA	153,836	30.1%	9.0%	\$34,731	A2/Positive
Manchester NH	110,065	14.3%	5.6%	\$55,306	Aa3/Stable
Worcester, MA	182,511	22.0%	3.3%	\$46,105	Aa3/Stable
Median*	125,211	22%	7.1%	\$41,204	
Rank**	2 of 12	3 of 12	6 of 12	9 of 12	

* Median excludes Providence, RI; ** Rank is measured from highest to lowest

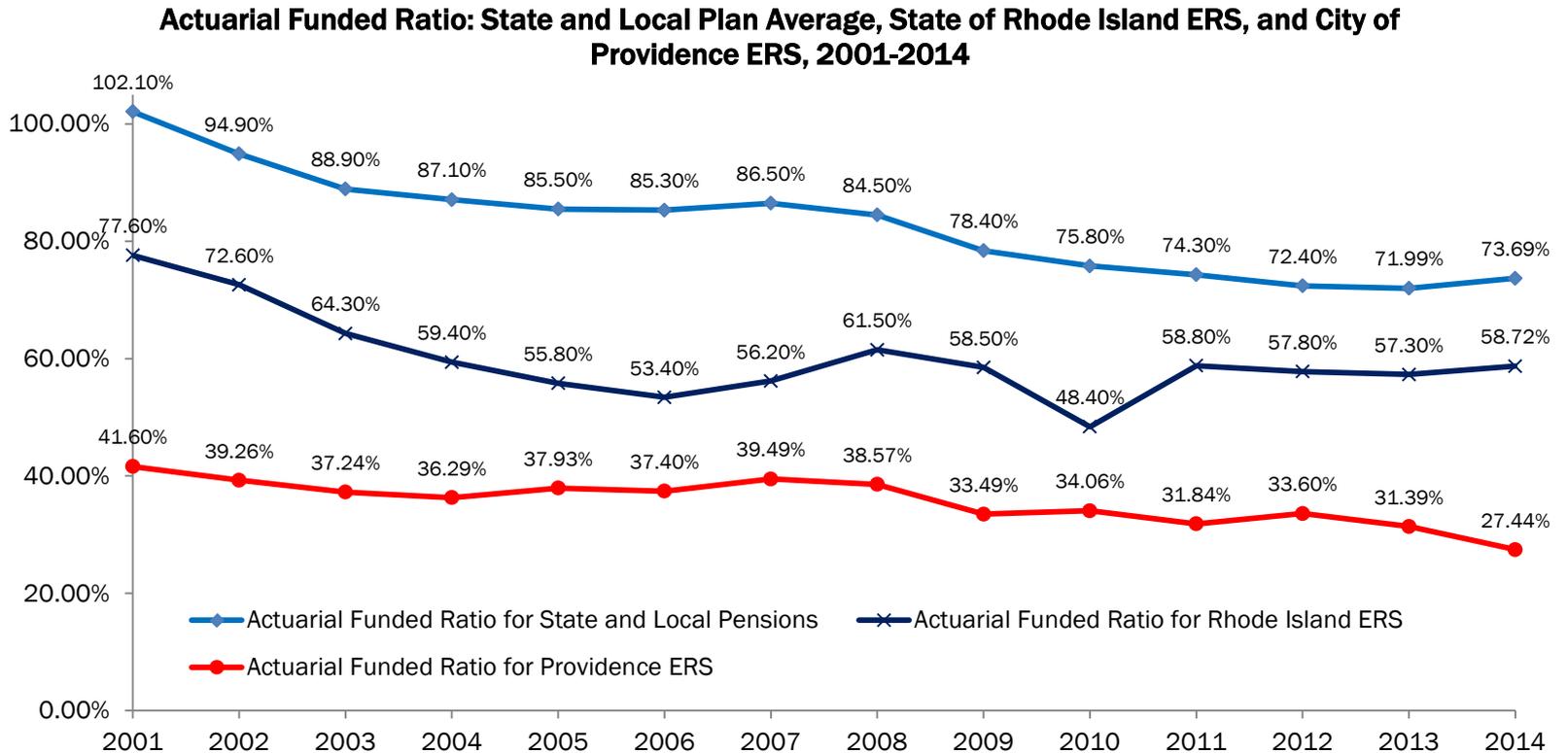
Source: 2010-14 American Community Survey; Moody's Analytics data as of 03/30/2016.



Budget Drivers

Historically Underfunded Pension System

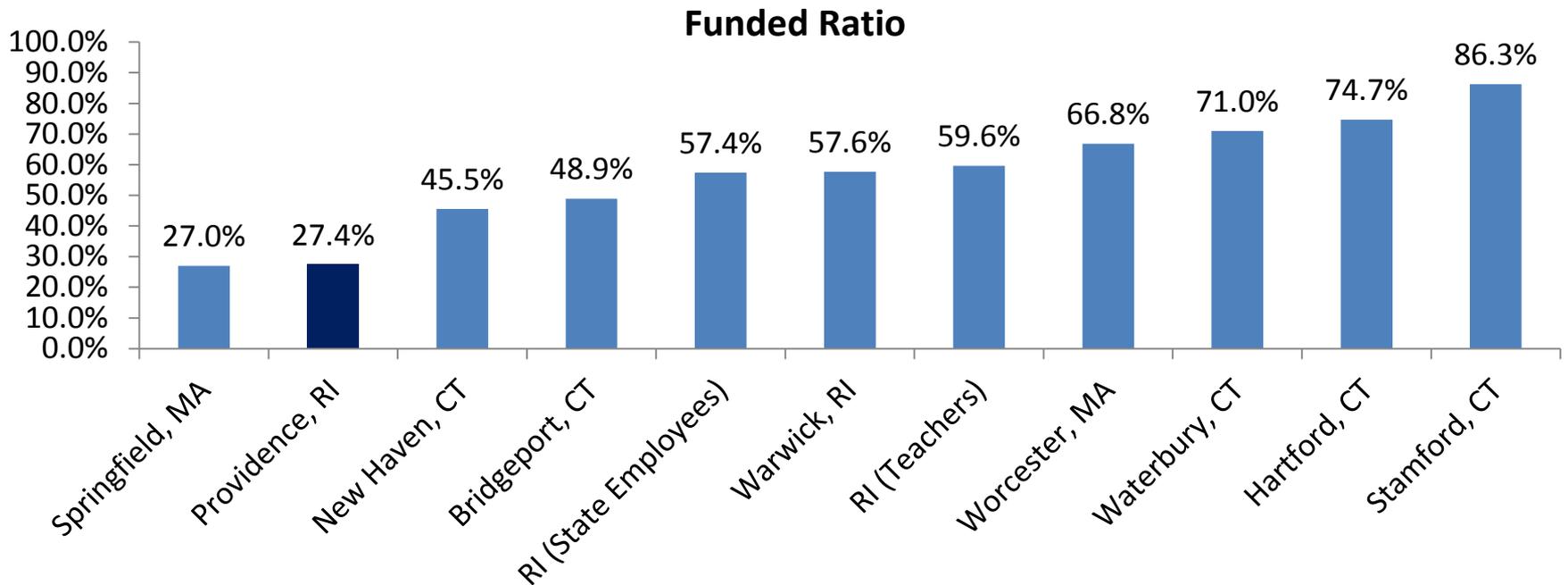
- The City of Providence's pension system has been historically underfunded by any standard, significantly lagging national averages and the State's plan



Source: Public Plans Data 2001-2013; City of Providence ERS 2007, 2013, 2014 Actuarial Valuation Reports; State of Rhode Island ERSRI 2014

Unsustainable Funded Ratio

- Among New England comparators, Providence is one of two benchmarked pension funds with less than 30% funded status – which significantly impacts the long-term sustainability and affordability of the City’s retirement system.



*Bridgeport, CT switched to the State of Connecticut CMERS Plan in FY2013. Figures shown in the above chart shows the Cities' plan for retirees retired before the switch.

Source: 2014 CAFRs.

Significant Pension Liability and Contribution

- Providence's unfunded liability per capita, annual required contribution (ARC) per capita, and unfunded liability as a percentage of covered payroll are among the highest compared to other New England cities

	Annual Required Contribution	ARC Per Capita	Unfunded Liability (UAAL)	UAAL Per Capita	UAAL as a % of Covered Payroll
Providence, RI	\$62,140,000	\$348	\$894,336,839	\$5,006	639.30%
Hartford, CT	\$42,710,000	\$341	\$325,692,000	\$2,601	225.20%
New Haven, CT	\$41,285,083	\$316	\$541,315,700	\$4,146	491.10%
Springfield, MA	\$42,866,226	\$279	\$731,048,417	\$4,752	523.40%
Stamford, CT	\$33,290,000	\$265	\$52,905,000	\$422	49.10%
Worcester, MA	\$40,415,585	\$221	\$407,846,543	\$2,235	241.50%
Waterbury, CT	\$16,085,000	\$146	\$165,629,000	\$1,507	201.90%
Bridgeport, CT	\$12,489,803	\$85	\$232,475,383	\$1,585	14,332.60%
Median Excl. Providence	\$40,415,585	\$265	\$325,692,000	\$2,235	241.50%
Rank	1 of 8	1 of 8	1 of 8	1 of 8	2 of 8

*Bridgeport, CT switched to the State of Connecticut CMERS Plan in FY2013. Figures shown in the above table shows the Cities' plan for retirees retired before the switch; therefore covered payroll is only a fraction of total City payroll

Source: FY2014 CAFRs

Note: Rank is measured from highest to lowest

Significant and Growing OPEB Liability and Contribution

- When compared with other New England cities' OPEB liabilities and costs, Providence has one of the highest annual contributions as well as one of the highest unfunded liabilities as a percentage of covered payroll

	Unfunded Liability (UAAL)	UAAL as a % of Covered Payroll	Annual OPEB Cost	Annual OPEB Cost per Capita	Annual Contribution Per Capita
Providence, RI	\$1,032,887,000	386.40%	\$65,830,000	\$369	\$365
Waterbury, CT	\$889,600,000	495.10%	\$71,601,000	\$651	\$669
Springfield, MA	\$873,436,035	330.50%	\$56,635,785	\$369	\$442
Worcester, MA	\$737,522,000	218.70%	\$48,269,000	\$265	\$258
Bridgeport, CT	\$723,711,649	326.80%	\$53,928,632	\$370	\$351
New Haven, CT	\$444,143,000	155.80%	\$37,127,900	\$285	\$296
Hartford, CT	\$262,716,000	73.60%	\$20,144,000	\$161	\$160
Stamford, CT	\$259,804,000	105.40%	\$27,955,000	\$225	\$224
Median Excl. Providence	\$723,711,649	218.70%	\$48,269,000	\$284	\$295
Rank:	1 of 8	2 of 8	2 of 8	3 of 8	3 of 8

Note: Rank is measured from highest to lowest

Source: FY2014 CAFRs

Higher OPEB Cost

- The total OPEB cost in FY2016 is approximately \$22.6 million based on the current mix of retirees
- While Local 1033 has more retirees than pre-65 Police and Fire, its cost is lower because the majority of Local 1033 retirees enroll in the individual plans while most Police and Fire retirees enroll in the family plans

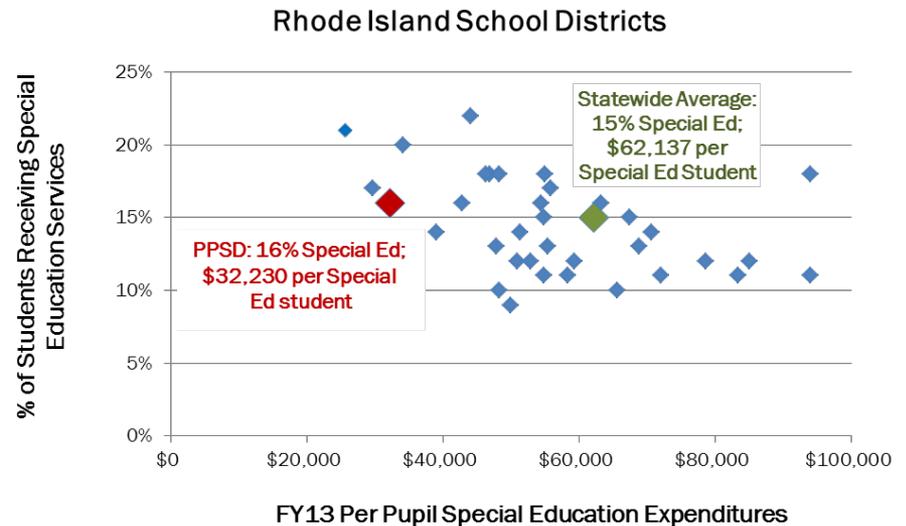
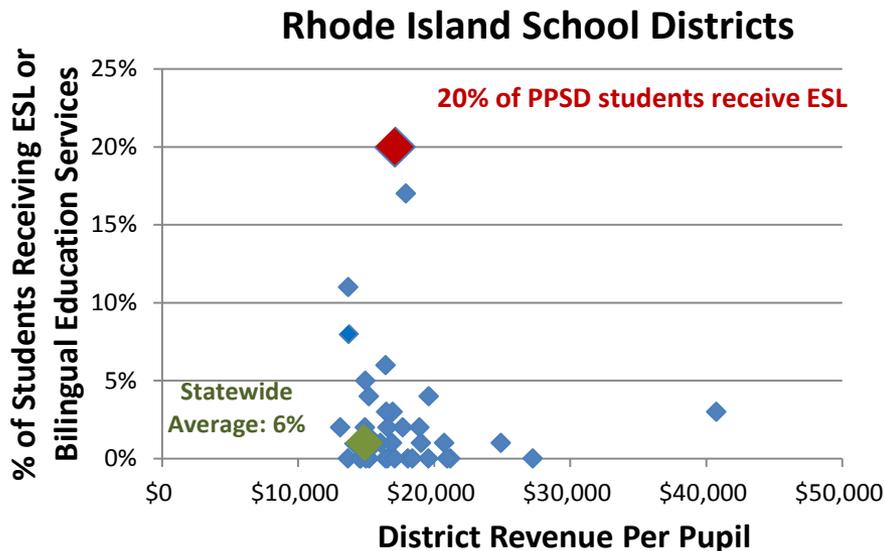
2016 Estimated Cost of Retirees' Benefits

	Individual Plan	Individual +1	Family Plan	2016 Est. Cost	% of Total Cost
1033 Retirees	329	59	14	\$4,105,644	18.2%
Fire Retirees	110	0	226	\$6,645,540	29.4%
Police Retirees	113	0	235	\$7,107,869	31.5%
Non-Bargained/Non-Union	19	14	7	\$252,096	1.1%
Post-65 Police and Fire	455	0	260	\$4,470,046	19.8%
Total	571	73	482	\$22,581,195	100.0%

Source: City of Providence

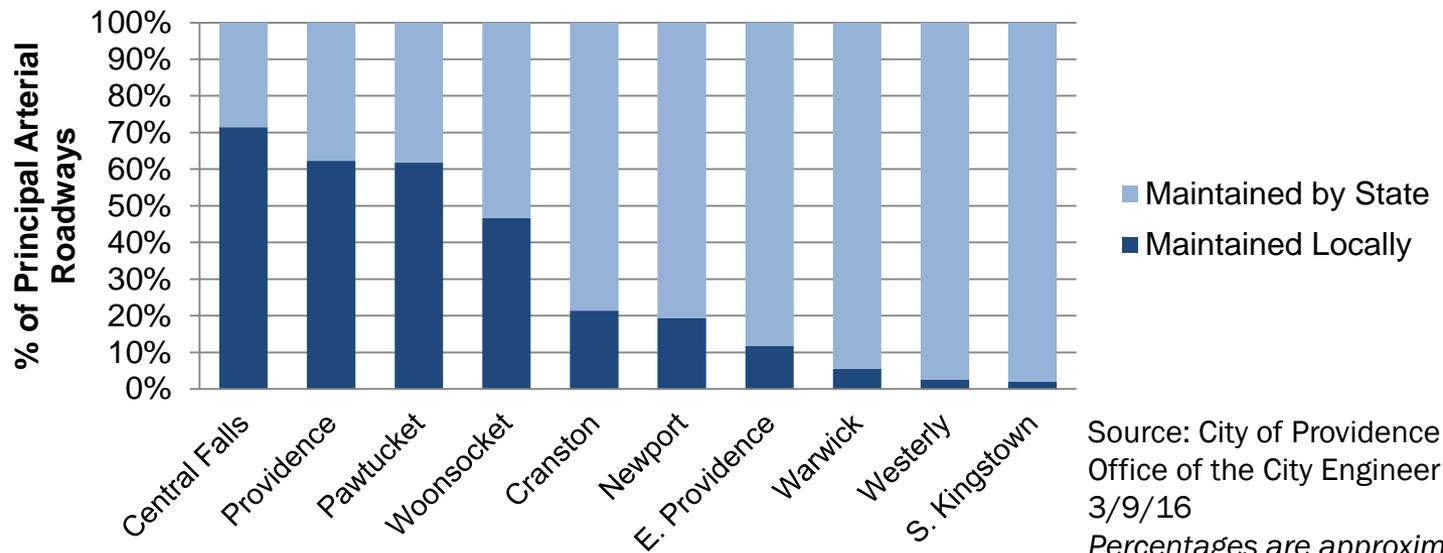
PPSD Serves More Students with More Needs

- PPSD serves the highest percentage of ESL students in the state, yet the current funding formula does not provide for additional funding for these students
- With few exceptions, PPSD spends the least per pupil on Special Ed while serving more children with severe disabilities



Responsibility for Road Maintenance

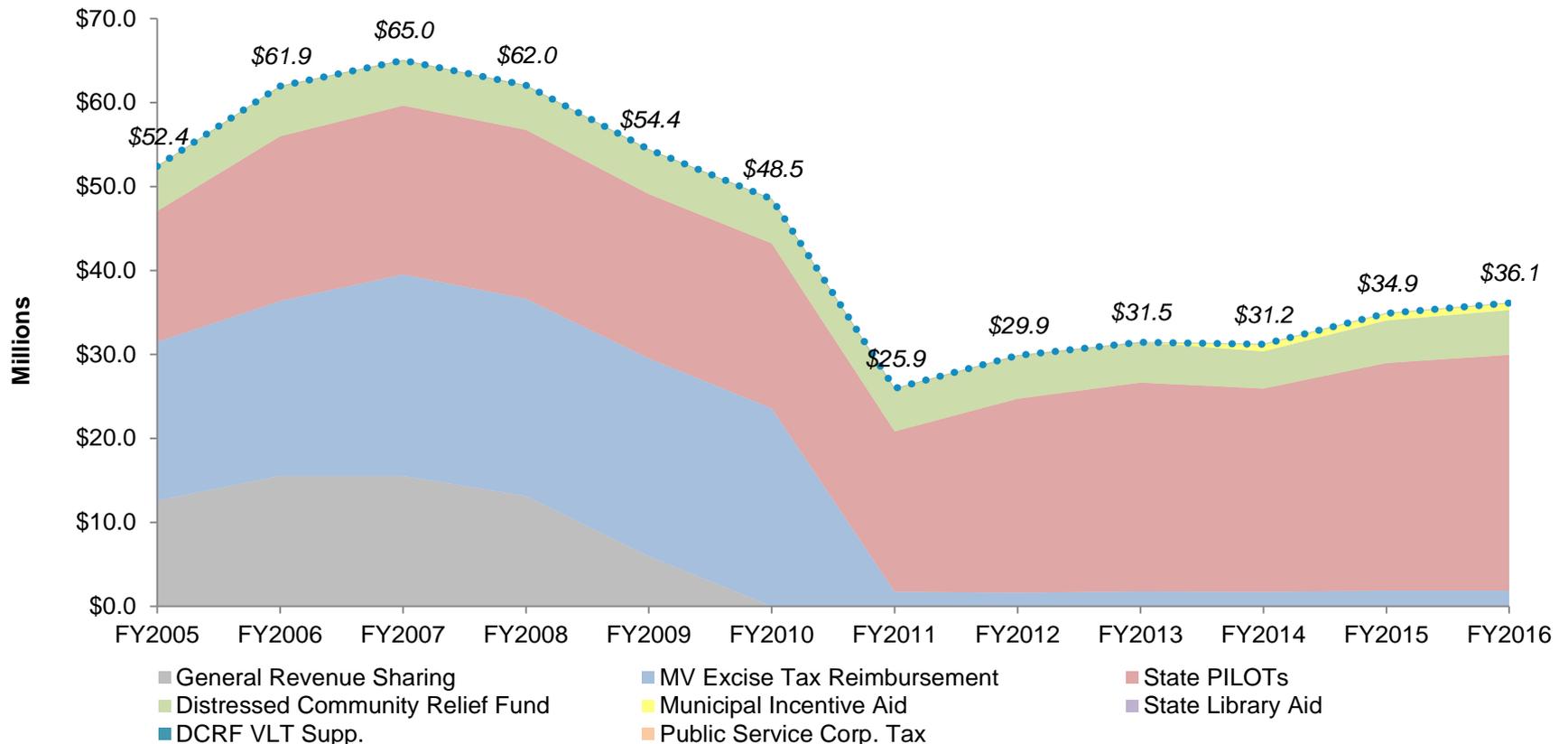
- Providence appears to have responsibility for maintaining a larger percentage of principal arterial roadways than other large Rhode Island cities
 - Providence is responsible for about 60% of its principal arterial roadways
 - The two next largest cities in RI are responsible for a far lower percentage of principal arterials – about 21% and 6% for Cranston and Warwick, respectively
 - Central Falls is responsible for a higher percentage of its principal arterial roadways than Providence, but a far lower total number of miles – 2.1 miles compared to Providence’s 16.3 miles



Source: City of Providence
Office of the City Engineer
3/9/16
Percentages are approximate

Decrease in State Revenues

- From FY2005 to FY2016, State revenues to Providence decreased by 32.0 percent, or \$17.5 million. Since State Aid peaked in FY2007, the City's State Aid revenues decreased by 44.3 percent or \$29.6 million



Source: RI Division of Municipal Finance data

General Fund Budgeted Revenue

Historical Decrease in State Revenues (FY2005-2016)

- In FY2011, the State ceased reimbursements for a \$6,000 exemption on vehicles, eliminating more than \$21 million in revenue to the City
- Cumulatively, from FY2010 through FY2015, City excise tax revenue increased by \$16.5 million (105.8%)
- From FY2005-FY2016, Distressed Community Relief revenue remained nearly flat at approximately \$5.3 million
- FY2016 State PILOT revenue (\$28.1M) is nearly double the amount received in FY2005
- The decrease in State Aid corresponds with the increased reliance on local property taxes:
 - From FY2010 to FY2015, State Aid as a share of total General Fund revenues decreased from 10.8% to 7.7%, or -28.1% (\$13.6 million)
 - From FY2010 to FY2015, local property tax revenues grew as a share of total General Fund revenues from 63.6% to 73.1%, or 15.0%

Property Taxes as Percentage of General Fund Total Revenues

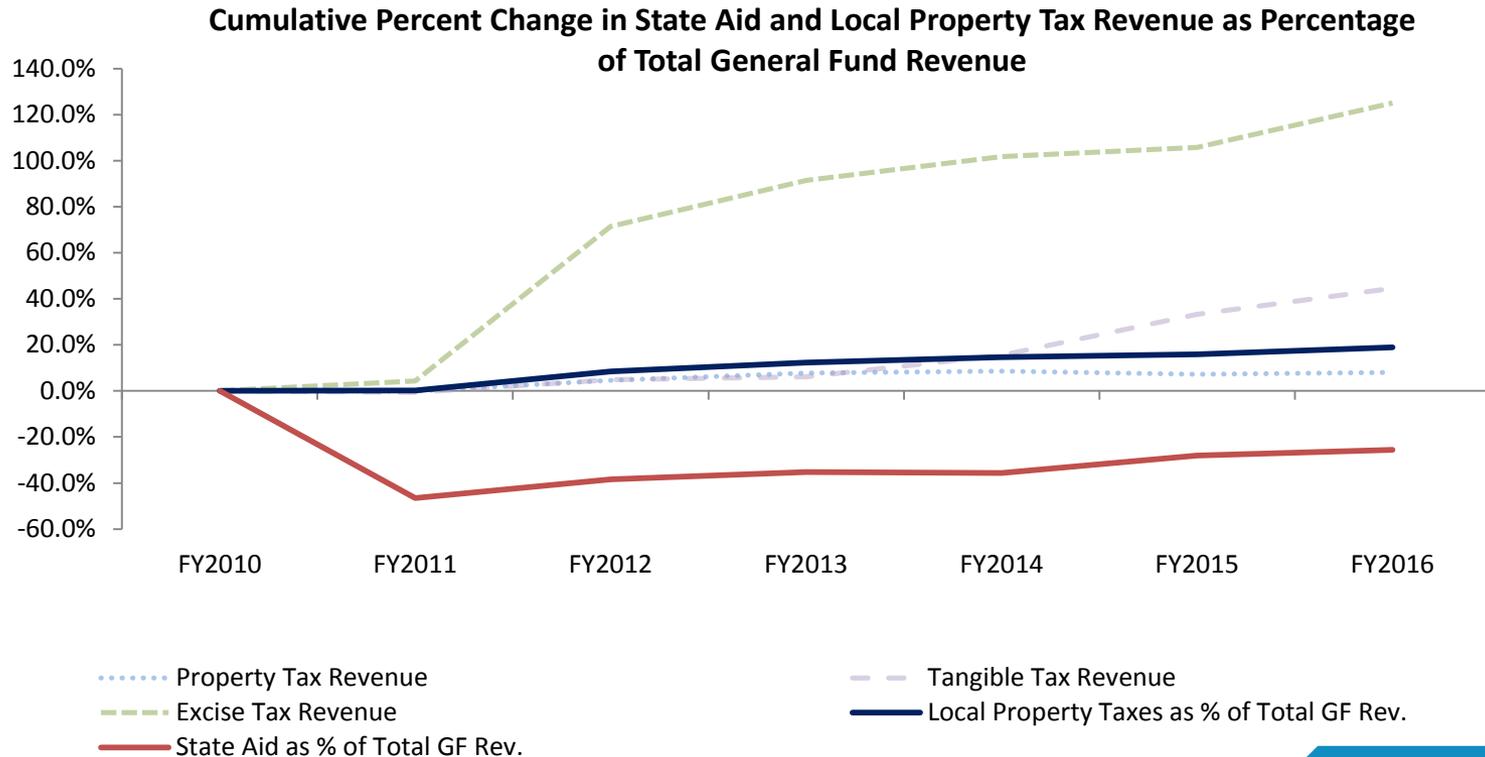
<i>(millions)</i>	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Property Tax Revenue	\$234.7	\$234.5	\$245.6	\$252.9	\$254.9	\$251.8	\$253.4
Tangible Tax Revenue	\$34.3	\$34.0	\$35.9	\$36.4	\$39.6	\$45.7	\$49.5
Excise Tax Revenue	\$15.6	\$16.2	\$26.7	\$29.8	\$31.4	\$32.0	\$35.0
TOTAL GF REVENUE	\$447.6	\$447.2	\$443.9	\$449.9	\$445.3	\$450.6	\$468.5
Property Taxes % of GF Revenue Total	63.6%	63.7%	69.4%	70.9%	73.2%	73.1%	72.1%

Source: City of Providence data

General Fund Budgeted Revenue

Historical Decrease in State Revenues (FY2005-2016)

- As the City lowered the exemption allowance for the excise tax from \$6,000 to \$1,000, the associated growth more than doubled the proportional share of excise tax revenue paid by residents as a share of total General Fund revenue
- Cumulatively, residential and commercial tax revenues increased by 7.3 percent while cumulative tangible tax revenue increased by 33.2 percent



Small Number of Entities Pay Local PILOTs

- In FY2016, the City budgeted to receive PILOT payments from 6 entities:
 - Brown University
 - Johnson and Wales University
 - Providence College
 - Rhode Island School of Design
 - Care New England
 - Lifespan
- Currently, the City has received agreements for payments with 5 of the 6 major not-for-profit entities

FY2016 Local PILOT by Source

	Projected FY2016 PILOT Agreements (millions) <i>(as of March 31, 2016)</i>
Brown University	\$5.17
Johnson and Wales*	\$0.65
Providence College	\$0.60
Rhode Island School of Design	\$0.44
Care New England	\$0.25
Lifespan	\$0.00
Total	\$7.10

Note: Total may not sum due to rounding. Additionally, transitional parcel payments – agreements that phase-out newly purchased parcels by not-for-profit entities over a 15-year period – are not included in the above PILOT figures.

**Johnson & Wales pre-paid \$332,762 of its FY2016 PILOT in 2012.*

Source: City of Providence

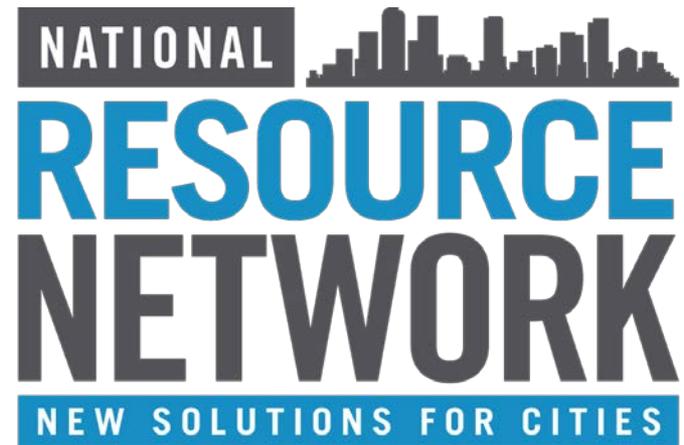
Small Number of Entities Pay Local PILOTs

- In FY2015, more than 35 of Boston’s hospitals, higher education institutions, and cultural institutions combined to provided community benefits and cash PILOT payments totaling, in sum, nearly 20% of their taxable value
- In FY2016, Providence budgeted \$8.2 million in PILOT payments – primarily from just four higher education institutions
- The \$8.2 million sum represents less than 2 percent of the City’s General Fund budget or less than 7 percent of its General Fund non-tax revenues
- The four major entities making PILOT payments in FY2016 owned 264 tax-exempt parcels with a combined assessed value of \$1.9 billion
- PILOT payments by these four institutions represent approximately 10.5 percent of their taxable obligation if not tax-exempt
- If the parcels were taxable, City revenues would be higher by up to \$69 million

FY2016 Selected Local PILOT by Source

	Tax-Exempt Properties (#)	Tax-Exempt Properties (\$)	Commercial Tax Rate	Tax Revenues if Taxable	FY2016 PILOT	PILOT as a % of Taxes if Taxable
Brown University	158	\$1,030,437,300	36.75	\$37,868,571	\$5,173,526	13.7%
Johnson and Wales	42	\$281,239,700	36.75	\$10,335,559	\$976,954	9.5%
Providence College	24	\$313,637,700	36.75	\$11,526,185	\$596,323	5.2%
Rhode Island School of Design	40	\$245,098,300	36.75	\$9,007,363	\$436,571	4.8%
Total	264	\$1,870,413,000	36.75	\$68,737,678	\$7,183,374	10.5%

Source: City’s Finance Department’s response to internal Auditor, May 15, 2015



Providence's Challenges

Weak Credit Rating and Negative Fund Balance

- Compared to nine other New England cities, Providence has the lowest credit rating, with a Baa1 rating as of its most recent 2015 bond issue
- Although a city's unrestricted fund balance is not the sole determining factor in its credit rating, the table below shows how the two are related

	Current Moody's Credit Rating	2015 General Fund fund Balance as a % of General Fund Revenues
Stamford, CT	Aa1	7.7%
Worcester, MA	Aa3	6.0%
Manchester, NH	Aa3	10.0%*
Warwick, RI	A1	7.9%*
Waterbury, CT	A1	5.5%
Bridgeport, CT	A2	2.4%*
Springfield, MA	A2	13.9%
Hartford, CT	A3	3.7%
New Haven, CT	A3	0.3%
Providence, RI	Baa1	-3.0%
Median Excl. Providence	A1	6.0%
Rank	10 of 10	10 of 10

*Manchester, Warwick and Bridgeport data as of 2014

Note: Rank is measured from highest to lowest

Source: Moody's Investors Service, Inc. as of March 30, 2016.

Higher Local Tax Burdens

- When compared to other New England cities, Providence’s tangible and motor vehicle tax rates are among the highest and the residential owner occupied rate is among the lowest
- Providence’s commercial and tangible tax rates are often cited as barriers to the City’s economic competitiveness, while creating a challenging issue with tax stabilization agreements

New England Cities’ Property Tax Rates¹

	Population	Commercial	Residential Owner-Occupied	Residential Non Owner-Occupied	Tangible	Motor Vehicle
Worcester, MA ²	182,511	33.98	20.61	20.61	33.98	25.00
Providence, RI³	178,562	36.75	19.25	33.10	55.80	60.00
Springfield, MA ²	153,836	38.77	19.67	19.67	38.77	25.00
Bridgeport, CT ⁴	146,680	29.54	29.54	29.54	29.54	29.54
New Haven, CT ⁴	130,553	29.09	29.09	29.09	29.09	29.09
Stamford, CT ^{4,5}	125,401	17.80	17.80	17.80	17.80	19.08
Hartford, CT ⁴	125,211	52.00	52.00	52.00	52.00	52.00
Manchester, NH ⁶	110,065	19.15	19.15	19.15	-	18.00
Waterbury, CT ⁴	109,887	40.75	40.75	40.75	40.75	40.76
Warwick, RI ³	82,065	31.13	20.75	20.75	41.50	34.60
Median Excl. Providence	125,401	31.13	23.44	23.44	33.98	29.09
Rank	2 of 10	4 of 10	8 of 10	3 of 10	1 of 9	1 of 10

¹ Connecticut jurisdictions assess property at 70% of market value; figures for these cities are shown at rates commensurate with assessment of 100% market value for comparative purposes.

² Motor Vehicle excise tax is capped at 25 mills in MA; value subject to formula based on age of vehicle and original manufacturer list price; no general exemptions

³ Rhode Island communities elect an excise tax exemption level not lower than \$500: Providence: \$1,000; Warwick: \$1,500.

⁴ Motor Vehicle excise tax will be capped at 32 mills in CT as of July 1, 2016, and to 29.36 mills as of July 1, 2017; no general exemptions

⁵ Stamford has four taxing districts with various tax rates.

⁶ Manchester currently assesses property at 97.1% of market value; Manchester levies a Registration Permit Fee that varies based upon a vehicle's model year, the original factory list price, and the expiration date. Capped at 18 mills.

Higher Household Tax Burden

- Providence residents and businesses bear a significant tax burden due to the City's limited sources of revenue and large concentration of tax-exempt parcels
- The City's estimated, combined property tax and auto tax burden as a percentage of household earning levels is nearly double the median of other cities for most household earning levels.

Estimated Property Tax and Auto Tax Burden at Various Household Earning Levels ¹					
	\$25,000/year	\$50,000/year	\$75,000/year	\$100,000/year	\$150,000/year
Providence, RI	9.8%	7.0%	7.9%	7.5%	8.0%
Median of 51 Cities	7.3%	3.6%	3.7%	3.8%	3.9%
Est. Providence Dollar Value	\$2,444	\$3,494	\$5,892	\$7,469	\$12,066

¹ Tax policies and structures differ from locality to locality and state to state. Cities in other states may have structures that levy different taxes at different levels of government and in different manners, thereby creating different burdens. Data are not dispositive, but are presented for illustrative context.

Source: Tax Rates and Tax Burdens in the District of Columbia – A Nationwide Comparison; District of Columbia Office of Chief Financial Officer, 2014 (issued December 2015).

Higher Commercial Taxes

- Similarly, another recent study found that Providence’s commercial tax rate is among the highest of the 53 cities reviewed in the study – ranking fourth or fifth highest depending on the value of the commercial property (as shown below)
- The City’s high relative commercial property taxes may hinder economic growth and competitiveness

Table 9: Urban Cities with Highest and Lowest Commercial Property Taxes, Payable 2014

Rank (of 53)	\$100,000		\$1,000,000		\$25,000,000	
	City, State	Tax	City, State	Tax	City, State	Tax
1	Detroit, MI	\$5,057	Detroit, MI	\$50,574	Detroit, MI	\$1,264,360
2	New York, NY	\$4,760	New York, NY	\$46,894	New York, NY	\$1,189,931
3	Chicago, IL	\$4,632	Chicago, IL	\$46,323	Chicago, IL	\$1,158,087
4	Providence, RI	\$4,376	Providence, RI	\$43,757	Des Moines, IA	\$1,105,851
5	Bridgeport, CT	\$4,098	Des Moines, IA	\$43,385	Providence, RI	\$1,093,931
49	Wilmington, DE	\$1,320	Wilmington, DE	\$13,199	Wilmington, DE	\$329,984
50	Virginia Beach, VA	\$1,173	Virginia Beach, VA	\$11,726	Virginia Beach, VA	\$293,155
51	Seattle, WA	\$1,136	Seattle, WA	\$11,358	Seattle, WA	\$283,947
52	Honolulu, HI	\$1,089	Honolulu, HI	\$10,892	Honolulu, HI	\$272,304
53	Cheyenne, WY	\$831	Cheyenne, WY	\$8,309	Cheyenne, WY	\$207,719

Source: Lincoln Land Institute and Minnesota Center for Fiscal Excellence, “50-State Property Tax Comparison Study,” April 2015.

Higher Public Safety Staffing Has Led to Lower Staffing of Other City Functions

- When compared to other New England cities, Providence has among the highest public safety staffing levels per capita. Police FTEs per capita are slightly below the median of peer cities and Fire FTEs per capita are among the highest compared to peer cities
- Non-Public Safety FTEs per capita are among the lowest of comparator cities

Staffing Ratios - 2014 CAFR Reported Data

	Population	Public Safety FTE per 1,000 Capita*	Non-Public Safety per 1,000 Capita*	Total FTE per 1,000 Capita*
Worcester, MA	182,511	4.98	4.58	9.56
Providence, RI	178,562	5.88	3.92	9.81
Springfield, MA	153,836	4.88	3.19	8.07
Bridgeport, CT	146,680	5.10	3.74	8.84
New Haven, CT	130,553	7.11	4.24	11.35
Stamford, CT	125,401	4.68	4.38	9.06
Hartford, CT	125,211	7.16	4.88	12.04
Manchester, NH	110,065	4.35	6.11	10.47
Waterbury, CT	109,887	5.64	7.91	13.55
Warwick, RI	82,065	5.82	4.90	10.72
Median Excl. Providence	125,401	5.10	4.58	10.47
Rank	2 of 10	3 of 10	8 of 10	6 of 10

*Emergency Operations Communications personnel are categorized as non-Public Safety personnel. Public Safety FTEs include only Fire and Police FTEs.

Source: FY2014 Comprehensive Annual Financial Reports (CAFRs)

Note: Bridgeport, New Haven, Stamford, and Worcester use private EMS operators to assist with service delivery

Note: Rank is measured from highest to lowest

Higher Public Safety Spending Per Capita and FTE

- Compared with other New England cities, Providence is one of three cities to spend more per capita on Fire than on Police (Cranston and Warwick are the other two cities)

Location	Total FY15 Budget Per Capita		Total FY15 Personnel Budget Per FTE	
	Police	Fire	Police	Fire
Stamford, CT	\$301.80	\$267.70	\$96,708	\$102,572
Hartford, CT	\$300.10	\$252.00	\$76,070	\$78,579
New Haven, CT	\$297.90	\$223.90	\$61,458	\$71,690
Springfield, MA	\$262.50	\$131.70	\$72,612	\$72,020
Waterbury, CT	\$241.40	\$164.40	\$66,470	\$66,215
Bridgeport, CT	\$238.30	\$149.10	\$64,429	\$73,160
Worcester, MA	\$237.90	\$184.60	\$85,556	\$82,385
Warwick, RI	\$218.00	\$257.60	\$66,918	\$81,868
Providence, RI	\$217.10	\$225.10	\$66,335	\$75,960
Cranston, RI	\$204.80	\$276.80	\$75,035	\$94,524
Manchester, NH	\$199.40	\$178.30	\$80,805	\$83,754
Pawtucket, RI	\$190.50	\$163.10	-	-
Median Excl. Providence	\$238	\$185	\$73,824	\$80,223
Rank**	9 of 12	5 of 12	9 of 11	7 of 11

* Manchester, Warwick, and Waterbury FTE data as of FY2014

**Rank is measured from highest to lowest

Note: Bridgeport, New Haven, Stamford, Springfield, and Worcester use private EMS operators to assist with service delivery

Source: FY2015 Budgets (excluding health benefits, pension costs, and capital costs); 2010-2014 American Community Survey; FY2015 CAFRs, FY2014 CAFRs

Police Department Staffing Near Median; Low Overtime Costs

- PPD is comparable to the median in terms of crime rates, size of the Police force, and the balance of officers, supervisors, and civilians
- PPD's average overtime per sworn officer is 61% below the median

	2014 Part I Crimes per 100,000 Residents	2014 Part I Crimes per Sworn Officer	FY16 Uniform FTE per 1,000 Capita	FY16 Sworn Officers per Supervisors	FY16 Sworn Officers per Civilian	FY15 Overtime Spending per Sworn Officer
Hartford, CT	5,319	15.9	3.5	1.57	5.91	\$11,943
New Haven, CT	5,011	14.3	3.8	2.41	8.11	\$12,047
Springfield, MA	4,918	17.4	3.1	5.45	6.45	\$3,881
Waterbury, CT	4,549	18.4	2.6	1.59	4.06	\$11,232
Manchester, NH	4,263	21.0	2.2	4.78	4.02	\$4,802
Providence, RI	4,125	16.6	2.4	4.17	4.72	\$4,126
Worcester, MA	4,036	16.7	2.5	4.29	8.58	\$10,564
Bridgeport, CT	3,834	14.5	1.0	1.90	9.04	
Pawtucket RI	3,263	16.9	1.9	3.09	4.48	\$5,408
Warwick, RI	2,376	11.9	2.1	1.36	3.13	
Cranston RI	2,108	11.8	1.9	3.25	4.50	\$6,364
Stamford, CT	1,865	8.4	2.2	4.31	13.14	\$20,207
Median Excl. Providence	4,036	15.86	2.2	3.09	5.91	\$10,564
Rank*	6 of 12	6 of 12	6 of 12	5 of 12	7 of 12	9 of 10

* Rank is measured from highest to lowest

Source: 2014 UCR data; 2010-2014 American Community Survey; FY16 Budgets; FY2015 budgets, FY15 CAFRs

Higher Levels of Fire Staffing, Fire Coverage

- When compared to other New England cities, Providence has among the highest Fire suppression FTE per capita ratio – almost 20% higher than the median.
- The PFD has the greatest number of engine and ladder companies per square mile – over three times the median for engines and over twice the median for ladders

	Fire Suppression FTE* per 1,000 Capita	Engine Companies per Square Mile	Ladder Companies per Square Mile
Providence, RI	2.60	0.76	0.33
New Haven, CT	2.76	0.54	0.21
Stamford, CT	2.15	-	-
Worcester, MA	2.17	0.24	0.19
Hartford, CT	3.11	0.63	0.29
Cranston RI	2.19	0.21	0.11
Bridgeport, CT	2.02	0.56	0.25
Waterbury, CT	2.32	0.25	0.11
Warwick, RI	2.84	0.26	0.09
Springfield, MA	1.70	0.25	0.13
Manchester, NH	2.03	0.06	0.00
Median Excl. Providence	2.18	0.25	0.16
PVD Variance from Median	+19.4%	+203.1%	+159.8%
Rank	4 of 11	1 of 10	1 of 10

Note: Rank is measured from highest to lowest

*Does not include EMS Personnel

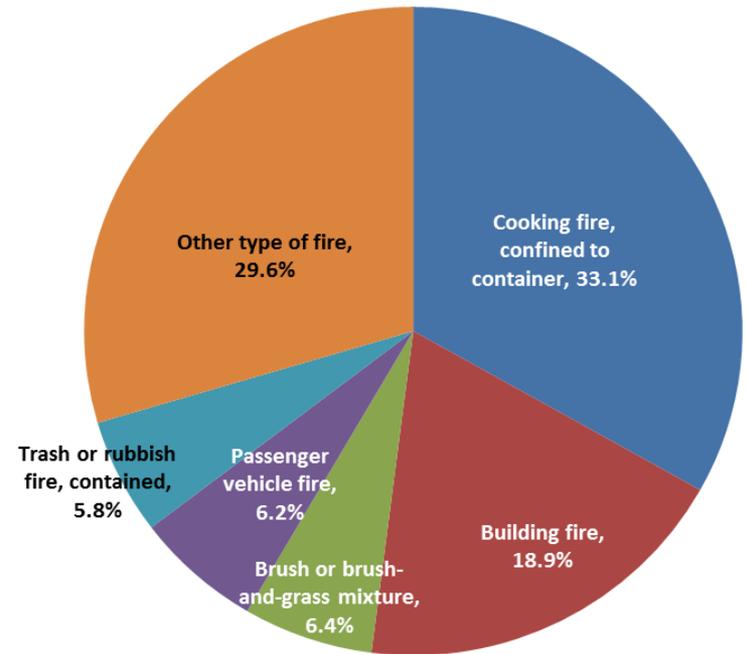
Source: FY2015 and FY2014 Comprehensive Annual Financial Reports (CAFRs); City data on engines and ladders

Fire Incidents by Type and level of Severity

According to PFD data:

- PFD responds to, on average, 21 fires per week. Of these, 4 are building fires
- Between 2012 and 2015, most fire incidents were contained cooking or trash fires, vehicles fires, and brush fires
- Multiple-alarm fires accounted for 1.5% of all fire incidents and 30% of all building incidents. On average, 4 multiple-alarm fires occur every quarter

Type of PFD Fire Responses, 2012 - 2015



Multiple Alarm Fire Incidents, 2013 - 2015

	Total Fire incidents	2 Alarm	3 Alarm	4 Alarm	5 Alarm	2-5 Alarm Incidents	Multiple Alarm Fires as % of Total Fire Incidents
2013	1,075	6	3	0	0	9	0.8%
2014	1,076	12	3	0	0	15	1.4%
2015	942	19	3	0	1	23	2.4%

Note: PFD incident data does not include 12,690 unknown calls that could not be validated by the Department.

Source: 2013-2015 NFIRS data as reported by the municipality

High PFD Minimum Staffing Drives Overtime Spending

- In FY2015, Providence spent \$7.6 million on Fire Department overtime, 96% of which was driven by callback spending
 - This represents almost 20% of total personnel costs and almost 3x more than Police overtime
- Callback spending is driven by minimum staffing requirements stipulated in the collective bargaining agreement - no fewer than 94 firefighters per shift, including 14 EMS personnel
- Compared to eight other New England cities, Providence has the highest minimum staffing level, the highest fire suppression minimum staffing level, slightly greater per capita fire suppression staffing, and the highest minimum staffing per square mile

	Total Min. Staffing (FTE per Shift)	Min. Fire Suppression Staffing (FTE per Shift)	Min. Fire Suppression Staffing Per Capita	Min. EMS Staffing (FTE per Shift)	Total Min. Staffing per Sq. Mile
Providence, RI	94 per shift	80	45	14	5.11
Worcester, MA	69 per shift	69	38	0	1.85
Bridgeport, CT	62 per shift	62	42	0	3.88
New Haven, CT	72 per shift	68	52	4	3.85
Hartford, CT	68 per shift	68	54	0	3.91
Warwick, RI	46 per shift	46	56	0	1.31
Springfield MA	42 per shift	42	27	0	1.32
Cranston, RI	41 per shift	33	41	8	1.45
Pawtucket, RI	30 per shift	30	42	0	3.46
Median Excl. Providence	54 per shift	54	42	-	2.66
Rank	1 of 9	1 of 9	4 of 9	1 of 9	1 of 9

* Rank is measured from highest to lowest

Source: Cities' Collective Bargaining Agreements; U.S. Census Bureau 2010-14 ACS data

Deferred Maintenance Backlog

- According to City estimates, the approximate cost of catching up on deferred maintenance needs alone is \$868 million

Category	Est. Need (M)
Roads	\$ 117.9
Schools	\$ 607.2
Sewers	\$ 53.0
Sidewalks	\$ 90.0
Total	\$ 868.1

- This list does not include several other categories of capital assets, like non-school buildings, street lights, vehicles, and equipment

Annual Capital Investment Needs

- Beyond addressing deferred maintenance, Providence needs to achieve a cycle of proactive capital investment based on asset useful lives

Theoretical Estimates of Annual Capital Life-Cycle Funding Needs

Asset	Qty.	Useful Life (yrs)	Annual Target (Qty)	Est. Cost/ Unit	Annual Target (\$M)
Roads (miles)	400	12	33.3	\$350K/ mi	\$ 11.7
Schools	39	50	0.78	\$29.3M/ bldg	\$ 22.8
Other Buildings	90	50	1.8	\$300K/SF	\$7.2

- Based on these theoretical calculations, capital funding needs for life-cycle projects might be **\$42 million per year** just for roads and buildings – not including sewers, sidewalks, or anything else

The Need to Meet the Challenges: *With No Corrective Action...*

- If unabated, the operating deficit will grow to more than \$37 million by FY2026 according to baseline projections
- The City is already operating with a negative fund balance. If no corrective action is taken, the City will inevitably face cash flow challenges, an inability to invest in priorities, and the need to further reduce services and increase taxes
- Providence faces the prospect of additional rating agency credit downgrades, increased debt issuance costs, and limited access to capital markets
- In fact, the longer it takes for the City to acknowledge and confront its fiscal challenges, the harder and more painful it will become to implement viable solutions