

**CHAPTER 2016-2**

**No. 33      AN ORDINANCE IN AMENDMENT OF CHAPTER 2014-16, NO. 285, APPROVED JUNE 12, 2014, ENTITLED: "AN ORDINANCE IN ACCORDANCE WITH CHAPTER 21, SECTION 19 OF THE CODE OF ORDINANCES OF THE CITY OF PROVIDENCE, CAPITAL EQUIPMENT BUDGET," AS AMENDED**

**Approved January 29, 2016**

*Be it ordained by the City of Providence:*

SECTION I. That the City of Providence enter into an amendment of Ordinance Chapter 2014-16 No 285, approved June 12, 2014, for the lease purchase agreement to finalize the purchase of the following list of capital items of improvements totaling, subsequently in accordance with the attached schedule (which shall be known as Schedule II) of estimated payments:

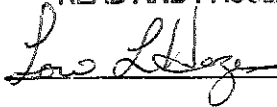
**This amendment shall be in the amount of \$13,000,000 of Master Lease financing and will be known as Schedule II. The Capital Equipment will be expended by the following department:**



**PUBLIC PROPERTY**

For the purchase, retrofitting and installation of approximately 17,000 street lights, throughout the City of Providence, as evidenced by an energy savings program, based upon the conversion to LED lighting and controls. The project will be managed by the Project energy manager PRISM and will be expended for the following Master Lease expenses:

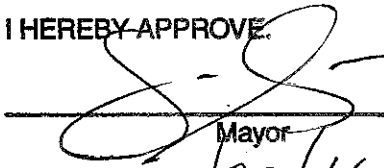
Material, including the purchase of LED fixtures and electronic/computer controls	\$6,917,058
Labor, including energy audit	2,384,438
Purchase price of existing poles and fixtures from National Grid for conversion to LED	2,657,113
Contingencies for additional replacement costs associated with conversion program	<u>1,041,391</u>
<b>TOTAL LED STREET LIGHTING CONVERSION PROJECT</b>	<b>\$13,000,000</b>
<b>TOTAL MASTER LEASE AMENDMENT</b>	<b>\$13,000,000</b>

SECTION II. This ordinance is an affirmative action of the City Council of the City of Providence toward the issuance of the lease purchase agreement in accordance with the purposes of the laws of the State of Rhode Island. This ordinance constitutes the City's declaration of official intent pursuant to Treasury Regulation Section 1.150-2 to reimburse the City's General Fund for certain capital expenditures for the leased equipment paid on or after the date which is sixty (60) days prior to the date of this ordinance, but prior to the issuance of the lease purchase agreement. Such amounts to be reimbursed shall not exceed \$13,000,000, and shall be reimbursed not later than eighteen (18) months after (a) the date on which the expenditure is paid, or (b) the date the Project is placed in service or abandoned but in no event later than three (3) years after the date the expenditure is paid.

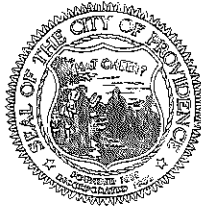
IN CITY COUNCIL  
JAN 07 2016  
FIRST READING  
READ AND PASSED  
 CLERK

IN CITY  
COUNCIL  
JAN 21 2016  
FINAL READING  
READ AND PASSED  
 PRESIDENT  
 CLERK

I HEREBY APPROVE.

  
\_\_\_\_\_  
Mayor  
Date: 1/29/16

**MATTHEW M. CLARKIN, JR.**  
INTERNAL AUDITOR  
25 DORRANCE STREET, ROOM #307  
PROVIDENCE, RI 02903  
Phone: (401) 421-7740 EXT. 577  
Fax: (401) 351-1056  
mclarkin@providenceri.com



## City of Providence, Rhode Island Office of the Internal Auditor

January 4, 2016

Chairman John J. Igliazzi  
Committee on Finance  
City of Providence  
25 Dorrance Street  
Providence, RI 02903

Dear Chairman Igliazzi:

As requested, I have reviewed the administration's proposal to borrow \$13 million to purchase an estimated 16,800 street lights located in the city from National Grid and then convert the lights to light-emitting diode (LED) fixtures. The projected net savings realized from lowering the annual maintenance costs, coupled with lower electric usage attributed to LED fixtures, make the project beneficial to the city.

The financing of this project is structured to provide near-term budget relief to the city as well as long-term savings, which reduces the total savings generated by the project. The city's first full debt service payment is scheduled for 18 months after the funding of the project, which allows the city to avoid a complete payment in FY2017. In addition, the city will be reimbursed approximately \$2.5 million in August 2016 for the capital cost to convert the streetlights with the LED fixtures through National Grid's Rebate Program. Rather than structuring the financing of the project net of this reimbursement, the \$2.5 million reimbursement will be realized as a general fund revenue in either fiscal year 2016 or 2017.

### Debt Service

The city plans to borrow approximately \$13 million through a ten-year lease at an interest rate of 2.59%. When the lease expires, the city will purchase the street lights for one dollar (\$1.00). The city's first full debt service payment is scheduled 18 months (FY2018) after funding. It is estimated that annual debt service payments will be fixed at \$1.6 million for fiscal years 2018 through 2026. Based upon the amortization schedule provided by the administration, the city will pay approximately \$1.9 million of interest over the ten- year payment schedule.

Chairman John J. Igliazzi

January 4, 2016

Page 2

The extension of the first full debt service payment by six months reduces the total savings by approximately \$20,000. The financing of the \$2.5 million reimbursement will cost the city an additional \$329,000 in interest payments over the ten-year amortization. The lease agreement includes a 2.0% pre-payment penalty on principal. Therefore, the city would be required to pay a \$50,000 penalty on the prepayment of the \$2.5 million, which would reduce the net additional cost to \$279,000.

#### Maintenance

National Grid currently maintains the 16,800 streetlights in the city at an annual charge of \$138 per light or a total of approximately \$2.35 million. Upon the purchase of the street lights, the city will transfer responsibility for the maintenance lights to the Partnership for Rhode Island Streetlight Management (PRISM), which is a collaborative of municipalities established to manage streetlights. PRISM will be paid a fixed amount of \$25 per streetlight per year for maintenance (approximately \$425,000). In addition, PRISM will receive a fixed administration fee of \$3.60 per streetlight per year (approximately \$62,000).

#### Electricity

Currently, the city's streetlights use approximately 17.6 million kWh of electricity each year. Annual usage after the conversion to the LED fixtures is projected to be only 3.9 million kWh, which results in the city's annual expenditure of electricity for streetlights by approximately \$1.7 million.

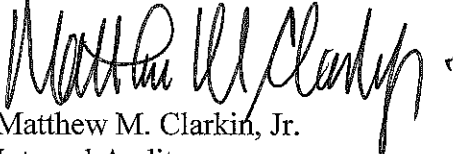
#### Summary

The purchase of the city's streetlights and the subsequent conversion to LED fixtures is projected to provide net savings of approximately \$24.2 million over an eleven-year period (FY2016-2026).

Chairman John J. Iglioizzi  
January 4, 2016  
Page 3

Projected Net Savings Street Light Project											
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Debt Service <sup>1</sup>	\$0	(\$162,354)	(\$1,637,872)	(\$1,637,872)	(\$1,637,872)	(\$1,637,872)	(\$1,637,872)	(\$1,637,872)	(\$1,637,872)	(\$1,637,872)	(\$1,637,872)
Maintenance											
National Grid <sup>2</sup>	\$1,159,200	\$2,318,400	\$2,318,400	\$2,318,400	\$2,318,400	\$2,318,400	\$2,318,400	\$2,318,400	\$2,318,400	\$2,318,400	\$2,318,400
PRISM <sup>3</sup>	\$210,000	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000
Net Savings: Maintenance	\$949,200	\$1,898,400	\$1,898,400	\$1,898,400	\$1,898,400	\$1,898,400	\$1,898,400	\$1,898,400	\$1,898,400	\$1,898,400	\$1,898,400
PRISM Administrative Fee <sup>4</sup>	(\$30,240)	(\$60,480)	(\$60,480)	(\$60,480)	(\$60,480)	(\$60,480)	(\$60,480)	(\$60,480)	(\$60,480)	(\$60,480)	(\$60,480)
Electricity Usage <sup>5</sup>	\$272,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000
LED Rebates from Ngrid	\$2,500,000										
Projected Net Savings	\$3,690,960	\$3,375,566	\$1,900,048	\$1,900,048	\$1,900,048	\$1,900,048	\$1,900,048	\$1,900,048	\$1,900,048	\$1,900,048	\$1,900,048
<sup>1</sup> \$13 million borrowing at 2.59%, ten-year amortization <sup>2</sup> Ngrid annual maintenance fee \$138/per light (eligible for increase during term) <sup>3</sup> PRISM annual maintenance fee \$25 per light (fixed for term) <sup>4</sup> \$3.60 per light (fixed for term) <sup>5</sup> Two months of savings <sup>6</sup> Fiscal note calculated using 16,800 lights											

If you have any questions or would like additional information concerning this project, please let me know.

Sincerely,  
  
Matthew M. Clarkin, Jr.  
Internal Auditor

Cc: City Council Members  
Cyd McKenna, Chief of Staff – City Council

City of Providence, RI

**PROPOSAL**

Compound Period ..... : Annual

Nominal Annual Rate .... : 2.590 %

*BASED UPON**10 YEARS - PMT 18 MONTHS LATER*

## CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	01/07/2016	13,000,000.00	1		
2 Payment	07/01/2016	Interest Only	1		
3 Payment	07/01/2017	1,637,871.72	9	Annual	07/01/2025

## AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 01/07/2016				13,000,000.00
1 07/01/2016	162,353.97	162,353.97	0.00	13,000,000.00
2016 Totals	162,353.97	162,353.97	0.00	
2 07/01/2017	1,637,871.72	336,700.00	1,301,171.72	11,698,828.28
2017 Totals	1,637,871.72	336,700.00	1,301,171.72	
3 07/01/2018	1,637,871.72	302,999.65	1,334,872.07	10,363,956.21
2018 Totals	1,637,871.72	302,999.65	1,334,872.07	
4 07/01/2019	1,637,871.72	268,426.47	1,369,445.25	8,994,510.96
2019 Totals	1,637,871.72	268,426.47	1,369,445.25	
5 07/01/2020	1,637,871.72	232,957.83	1,404,913.89	7,589,597.07
2020 Totals	1,637,871.72	232,957.83	1,404,913.89	
6 07/01/2021	1,637,871.72	196,570.56	1,441,301.16	6,148,295.91
2021 Totals	1,637,871.72	196,570.56	1,441,301.16	
7 07/01/2022	1,637,871.72	159,240.86	1,478,630.86	4,669,665.05
2022 Totals	1,637,871.72	159,240.86	1,478,630.86	
8 07/01/2023	1,637,871.72	120,944.32	1,516,927.40	3,152,737.65
2023 Totals	1,637,871.72	120,944.32	1,516,927.40	
9 07/01/2024	1,637,871.72	81,655.91	1,556,215.81	1,596,521.84
2024 Totals	1,637,871.72	81,655.91	1,556,215.81	
10 07/01/2025	1,637,871.72	41,349.88	1,596,521.84	0.00
2025 Totals	1,637,871.72	41,349.88	1,596,521.84	
Grand Totals	14,903,199.45	1,903,199.45	13,000,000.00	

Providence

Compound Period ..... : Annual

Nominal Annual Rate .... : 2.590 %

NET \$ 2.5 million

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	02/01/2016	13,000,000.00	1		
2 Payment	08/01/2016	Interest Only	1		
3 Payment	08/01/2016	2,500,000.00	1		
4 Payment	08/01/2017	1,322,896.39	9	Annual	08/01/2025

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 02/01/2016				13,000,000.00
1 08/01/2016	167,888.77	167,888.77	0.00	13,000,000.00
2 08/01/2016	2,500,000.00	0.00	2,500,000.00	10,500,000.00
2016 Totals	2,667,888.77	167,888.77	2,500,000.00	
3 08/01/2017	1,322,896.39	271,950.00	1,050,946.39	9,449,053.61
2017 Totals	1,322,896.39	271,950.00	1,050,946.39	
4 08/01/2018	1,322,896.39	244,730.49	1,078,165.90	8,370,887.71
2018 Totals	1,322,896.39	244,730.49	1,078,165.90	
5 08/01/2019	1,322,896.39	216,805.99	1,106,090.40	7,264,797.31
2019 Totals	1,322,896.39	216,805.99	1,106,090.40	
6 08/01/2020	1,322,896.39	188,158.25	1,134,738.14	6,130,059.17
2020 Totals	1,322,896.39	188,158.25	1,134,738.14	
7 08/01/2021	1,322,896.39	158,768.53	1,164,127.86	4,965,931.31
2021 Totals	1,322,896.39	158,768.53	1,164,127.86	
8 08/01/2022	1,322,896.39	128,617.62	1,194,278.77	3,771,652.54
2022 Totals	1,322,896.39	128,617.62	1,194,278.77	
9 08/01/2023	1,322,896.39	97,685.80	1,225,210.59	2,546,441.95
2023 Totals	1,322,896.39	97,685.80	1,225,210.59	
10 08/01/2024	1,322,896.39	65,952.85	1,256,943.54	1,289,498.41
2024 Totals	1,322,896.39	65,952.85	1,256,943.54	
11 08/01/2025	1,322,896.39	33,397.98	1,289,498.41	0.00
2025 Totals	1,322,896.39	33,397.98	1,289,498.41	
Grand Totals	14,573,956.28	1,573,956.28	13,000,000.00	

City of Providence, RI

**12 MO. PMT.**

Compound Period ..... : Annual

Nominal Annual Rate .... : 2.590 %

10 YEARS - PMT 12 MONTHS LATER

## CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	01/07/2016	13,000,000.00	1		
2 Payment	01/07/2017	1,492,280.04	10	Annual	01/07/2026

## AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 01/07/2016				13,000,000.00
2016 Totals	0.00	0.00	0.00	
1 01/07/2017	1,492,280.04	336,700.00	1,155,580.04	11,844,419.96
2017 Totals	1,492,280.04	336,700.00	1,155,580.04	
2 01/07/2018	1,492,280.04	306,770.48	1,185,509.56	10,658,910.40
2018 Totals	1,492,280.04	306,770.48	1,185,509.56	
3 01/07/2019	1,492,280.04	276,065.78	1,216,214.26	9,442,696.14
2019 Totals	1,492,280.04	276,065.78	1,216,214.26	
4 01/07/2020	1,492,280.04	244,565.83	1,247,714.21	8,194,981.93
2020 Totals	1,492,280.04	244,565.83	1,247,714.21	
5 01/07/2021	1,492,280.04	212,250.03	1,280,030.01	6,914,951.92
2021 Totals	1,492,280.04	212,250.03	1,280,030.01	
6 01/07/2022	1,492,280.04	179,097.25	1,313,182.79	5,601,769.13
2022 Totals	1,492,280.04	179,097.25	1,313,182.79	
7 01/07/2023	1,492,280.04	145,085.82	1,347,194.22	4,254,574.91
2023 Totals	1,492,280.04	145,085.82	1,347,194.22	
8 01/07/2024	1,492,280.04	110,193.49	1,382,086.55	2,872,488.36
2024 Totals	1,492,280.04	110,193.49	1,382,086.55	
9 01/07/2025	1,492,280.04	74,397.45	1,417,882.59	1,454,605.77
2025 Totals	1,492,280.04	74,397.45	1,417,882.59	
10 01/07/2026	1,492,280.04	37,674.27	1,454,605.77	0.00
2026 Totals	1,492,280.04	37,674.27	1,454,605.77	
Grand Totals	14,922,800.40	1,922,800.40	13,000,000.00	

-1,963,200



**City of Providence**  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

**CHAPTER 2014-16**

No. 285      **AN ORDINANCE IN ACCORDANCE WITH CHAPTER 21, SECTION 19  
OF THE CODE OF ORDINANCES OF THE CITY OF PROVIDENCE,  
ENTITLED "CAPITAL EQUIPMENT BUDGET," AS AMENDED**

Approved June 12, 2014

*Be it ordained by the City of Providence:*

SECTION I. That the City of Providence enter into a lease purchase agreement to finalize the purchase of the following list of capital items of improvements totaling, subsequently in accordance with the attached schedule of estimated payments:

**\$ 7,000,000 MASTER LEASE  
Preliminary list of equipment**

	Quantity	price per	Total for Dept.	
<b>PARKS</b>				
Neighborhood Parks & Rec				
Passenger vans-Recreation	2	\$25,000.00	\$50,000.00	
2/3 yd Dumps w/plows & spreaders	4	\$60,000.00	\$240,000.00	
F-150 \$ WD Pickup Trucks	2	\$25,000.00	\$50,000.00	
				\$340,000.00
Park Services				
Tractor	1	\$50,000.00	\$50,000.00	
High Capacity Mower	1	\$90,000.00	\$90,000.00	
Scag Mower	6	\$10,000.00	\$60,000.00	
Zero Turn Mower	2	\$11,000.00	\$22,000.00	
				\$222,000.00
Forestry				
Ford F-150 4 WD pickup	2	\$25,000.00	\$50,000.00	
Skid/Steer Bob Cat	1	\$75,000.00	\$75,000.00	
				\$125,000.00
<b>TOTAL PARKS</b>				<b>\$687,000.00</b>
<b>PUBLIC WORKS</b>				
Pick-up trucks Crew Cab	4	\$37,000.00	\$148,000.00	
Landscape Dumps	4	\$60,000.00	\$240,000.00	
Auction Vehicles	4	\$12,000.00	\$48,000.00	
Truck lift w/jack stands	1	\$45,000.00	\$45,000.00	
Van for Traffic Engineering	1	\$30,000.00	\$30,000.00	
<b>TOTAL PUBLIC WORKS</b>				<b>\$511,000.00</b>
<b>COMMUNICATIONS</b>				
Radios-Motorola			\$171,000.00	
Recording System-NICE			\$262,000.00	
AVAYA Telephone Switch			\$630,000.00	
<b>TOTAL COMMUNICATIONS</b>				<b>\$1,063,000.00</b>

**POLICE****Vehicles**

40 Ford Interceptor SUV	40	\$33,500.00	\$1,340,000.00
15 unmarked vehicles	15	\$15,000.00	\$225,000.00
1 Ford F-250 Prisoner Transport Van	1	\$45,000.00	\$45,000.00
<b>Total Vehicles</b>			<b>\$1,610,000.00</b>

Rugged Computers/Datalux Comp	80	\$7,000.00	\$560,000.00
AFIS-Fingerprinting Classification System		\$112,500.00	\$112,500.00

**TOTAL POLICE****\$2,282,500.00****FIRE**

SCOTT Air pack			\$370,000.00
Rescue			\$200,000.00
Ladder Truck			\$400,000.00
Thermal Imaging Cameras	3	\$10,000.00	\$30,000.00

**TOTAL FIRE****\$1,000,000.00****COMMISSIONER'S OFFICE**

Switches			\$80,000.00
Computers			\$55,000.00

**TOTAL COMMISSIONER'S****\$135,000.00****PUBLIC PROPERTY**

DPW-roof 20-30 Ernest Street			\$80,000.00
DPW-Allens Ave Waterproofing			\$75,000.00
Police Academy-Chad Brown- roof			\$45,000.00
Police Academy-Chad Brown-boiler			\$50,000.00
Davey Lopes Rec-upgrade fire alarm			\$25,000.00
Zuccolo Rec-upgrade fire alarm			\$25,000.00
Various building repairs, upgrades and purchases			\$1,021,500.00

**TOTAL PUBLIC PROPERTY****\$1,321,500.00****TOTAL MASTER LEASE****\$7,000,000.00**

SECTION II. This ordinance is an affirmative action of the City Council of the City of Providence toward the issuance of the lease purchase agreement in accordance with the purposes of the laws of the State of Rhode Island. This ordinance constitutes the City's declaration of official intent pursuant to Treasury Regulation Section 1.150-2 to reimburse the City's General Fund for certain capital expenditures for the leased equipment paid on or after the date which is sixty (60) days prior to the date of this ordinance, but prior to the issuance of the lease purchase agreement. Such amounts to be reimbursed shall not exceed \$7,000,000, and shall be reimbursed not later than eighteen (18) months after (a) the date on which the expenditure is paid, or (b) the date the Project is placed in service or abandoned but in no event later than three (3) years after the date the expenditure is paid.

**IN CITY COUNCIL****JUN 05 2014****FIRST READING  
READ AND PASSED**

*Lou L. D'Amico*  
CLERK  
ACTING

**IN CITY****COUNCIL****JUN 09 2014****FINAL READING  
READ AND PASSED**

*W. C. White*  
PRESIDENT  
*Lou L. D'Amico*  
CLERK  
ACTING

**I HEREBY APPROVE.**

*Angel Taveras*  
Mayor

Date: 6/12/14