

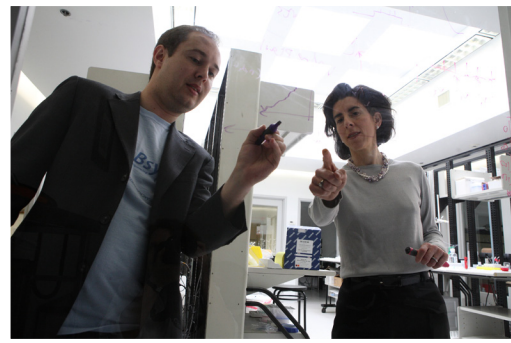


REBUILDING RHODE ISLAND

*Putting Rhode Islanders Back to
Work and Upgrading the State for our
Families, Businesses, and our Future*



Paid for by Friends of Gina Raimondo



A Note from Gina...



Rhode Islanders are keenly aware of how important our state's infrastructure is to our quality of life. The problem *literally shakes us to attention* in the morning as we commute to work. **Potholes** get a lot of attention – and rightly so: whether you commute by foot, bike or car, they're dangerous and expensive.

But the reality is, potholes are just a symptom of a much bigger problem. We have failed to implement a **strategy** for how our state maintains its infrastructure, and as a result, *we have some of the worst roads and bridges in the entire country.* **70 percent of Rhode Island roads are in poor or mediocre condition. 411 of our state's 757 bridges** are considered **structurally deficient** or **functionally obsolete**. Many of these bridges were built by the Works Progress Administration in the 1930s, and haven't seen upgrades since. Roads and bridges in this kind of condition are a hazard to our personal safety and our economic security. They make it harder for our businesses to be competitive, make our state a less attractive place to work and live, and cost us serious money. On average, the condition of our roads is costing each Rhode Island motorist an additional **\$476** per year.

But infrastructure means more than just roads and bridges. Step into any given school in Rhode Island, and chances are you'll find a bucket somewhere collecting water from a leaky roof. Just last week, a news report described how heavy rains caused the roof to cave in on a Rhode Island school last August. To this day, that roof hasn't been fully fixed.

Aside from being in disrepair, many of our other state buildings and facilities have outdated, wasteful, and inefficient sources of power. These buildings are in desperate need of retrofitting with green, energy-efficient technologies.

Our infrastructure is the backbone of our state. If we want to position our state to thrive, **we need to do better.**

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If we strategically invest
in our infrastructure, we
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4,000 new jobs
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Fortunately, we have an opportunity to **improve our state's infrastructure, put Rhode Islanders back to work, and save our cities and towns money**, all by being creative and strategic about how we approach this problem.

Improving our infrastructure is an easy way to put people back to work *now*. Unemployment in the building and construction trades is far higher than in many other industries. Some estimates put it at more than 25 percent. That means we have trained Rhode Islanders who are ready to get to work – and our state desperately needs their help.

We also have an opportunity to put people back to work **retrofitting our state to be green and energy-efficient** – protecting our environment for future generations, and saving the state money in the process.

Between fixing our roads and bridges and retrofitting our state with green technologies, we can put more than **4,000 Rhode Islanders back to work in the next five years**.

Infrastructure upgrades are the shared responsibility of both the state and our municipalities. Improvements cost money and budgets are tight – so it's no surprise that our cities and towns have been less than willing to consistently repair and upgrade their streets. But in a state as small as ours, where we cross through many of our neighboring cities and towns on the way to work or school, we must realize that we are *in this together*. In order to help our communities both improve their roads and bridges and employ Rhode Islanders who need the work, **we must ensure that our state is doing everything it can to give our municipalities access to funding and expertise, and help them plan their infrastructure in a way that results in savings over time**.

This plan does exactly that. It helps our cities and towns invest in infrastructure projects like school building construction and road repairs by giving them access to low-interest loans, helping them tailor their maintenance plans to individual needs of their streets and bridges, and providing them with the expertise they need.

This week, I'll be focusing on how we can help our cities and towns repair their roads and schools, and how our entire state can upgrade to energy-efficient technologies. There are many other aspects of infrastructure that I'll be discussing as this campaign continues. From making our state more bike-friendly to improving RIPTA (a transit system that helped me get to where I am today), there is much more we need to do to ensure that our state is safe, accessible, and inviting.

"If we want to improve our infrastructure, we need to be **smarter** and more **strategic** about the way we approach infrastructure. This means being **less ad-hoc**, thinking **long term**, and being **creative** about how we pay for it so our infrastructure is safe, and saves us money."

Gina





Executive Summary

Unemployment among the building trades in Rhode Island is astonishingly high: more than 25 percent by some estimates.¹ Yet we have a tremendous opportunity to **put people back to work** in this industry while at the same time **making our roads safer, saving our families and municipalities money**, and **making our state a more attractive place to do business**. Despite the fact that state spending on infrastructure is high, our roads and bridges are among the worst in the country, and our buildings and energy infrastructure is dirty, inefficient, and outdated. **Rhode Islanders deserve better.**

Having a world-class infrastructure will require serious investment, and strategic thinking about how we use our resources. We need to be **smarter** about how we maintain our infrastructure, and more **creative** when we look for ways to finance upgrades. In short, we need to develop a plan to deal with our infrastructure, and we must execute that plan. **And we need to ensure that our investments in infrastructure are saving us money in the long term.**

Our state's infrastructure is a patchwork of state and municipal-owned assets. Therefore, we must improve our infrastructure efforts at both the state and city/town level.

Much of the burden of maintaining roads and bridges falls on our municipalities, whose property taxes are already far too high, and budgets far too tight. That's why, as governor, I will create the **Rhode Island Municipal Infrastructure Bank**, to help our cities and towns get the funding they need to finance critical infrastructure upgrades, save more money over time, maintain their roads and bridges, and retrofit their communities to make them more energy-efficient.

The **Rhode Island Municipal Infrastructure Bank** will be a one-stop shop for municipalities that want to upgrade their infrastructure. It will:

1. **Expand and manage the Municipal Road and Bridge Revolving Fund**, so that our cities and towns have access to low-interest loans for immediate upgrades to their surface infrastructure;
2. **Establish a Road and Bridge Funding Formula** to fund ongoing maintenance so that our local roads never again become as deteriorated and dilapidated as they are now;
3. **Create a Green Bank** to help towns, businesses, and homeowners retrofit their buildings and facilities with green, energy-efficient technologies;
4. **Create a School Building Authority** to stimulate construction and capital improvements in schools while saving our school districts and local education authorities money; and,
5. **House expertise** on best practices, data collection, and new technologies so that municipalities are implementing the best-possible infrastructure solutions.

The state itself must also be **creative** and **strategic** when it comes to its infrastructure assets. As governor, I will ensure that the state is:

- **Utilizing a road and bridge funding formula for state highways and bridges** for ongoing maintenance to keep them in peak condition;
- Seeking opportunities for **private capital** to pay for desperately needed infrastructure projects without putting our state in debt; and,
- **Retrofitting state-owned buildings and facilities with energy-efficient, green technologies.**

Jobs Created

Every \$10 million of spending on infrastructure projects supports approximately 150 jobs in the construction and building trades.² The Municipal Road and Bridge Revolving Fund, which I created last year with the General Assembly, is lending nearly \$20 million this year alone. When combined with increases in spending on school construction, as well as the retrofitting of public buildings and facilities with energy-efficient upgrades, this plan will generate upwards of **4,000 new jobs over the next five years.**

Infrastructure projects also have a powerful multiplier affect. Every 100 jobs created in the building and construction trades support an additional 83 jobs in other industries.³

Investment

Most of this plan is paid for using the reallocation of already-existing sources of funding. For example, the Green Bank will be capitalized using money currently allocated to the Rhode Island Commerce Corp's Renewable Energy Fund.

The Road and Bridge Funding Formula would likely require \$10-20 million per year in aid to cities and towns to fund. Additionally, the Municipal Road and Bridge Revolving Fund will need about \$40 million over the course of the next 20 years, which will enable us to invest more than \$400 million in roads and bridges in that same period.

This strategy will also allow us to attract private capital to our infrastructure projects, particularly for energy-efficiency upgrades.





Background

Our roads and bridges have been in poor shape for far too long. One of the very first “economic scorecards,” the 1987 CFED Development Report Card for the States, gave Rhode Island’s infrastructure an “F” and ranked us 49 out of 50.⁴ **That was almost 30 years ago** and our roads are still terrible. According to the American Society of Civil Engineers, **411 of our state’s 757 bridges** are considered **structurally deficient** or **functionally obsolete**. **70 percent of Rhode Island roads are in poor or mediocre condition**. And driving on our streets is costing Rhode Island motorists **\$350 million a year** in extra vehicle repairs. That’s **\$476 per motorist**.⁵ Too little has changed in 30 years. To truly improve our infrastructure, we need to:

- Find new sources of financing for infrastructure upgrades, and help municipalities do the same: we have too many critical projects to fund and not enough money to do it.
- Better understand where our current money is going: we spend more per lane-mile than almost any other state and yet, somehow, have little to show for it.
- Take the politics out of transportation decisions: decisions have been haphazard regarding how much to spend on maintenance, when to rebuild roads, and which projects to prioritize.

Our state’s infrastructure includes more than just its roads and bridges. It also includes our public buildings and energy infrastructure. Our state is in desperate need of an upgrade on multiple fronts.

70 percent of Rhode Island’s schools were built between 25 and 75 years ago. The average age of a school building in Rhode Island is 58 years. In order to bring our schools into “good” condition (as defined by the Rhode Island Department of Education), our municipalities would have to spend approximately \$1.7 billion. The three-year moratorium on school building construction has resulted in districts deferring upwards of \$600 million in repair costs.⁶

Our public assets aren’t the only things in need of an upgrade. Nearly two in five Rhode Island households use fuel oil as their primary heating source, making the state, like much of the U.S. Northeast, vulnerable to fuel oil shortages and price spikes in winter. In early 2000, heating oil prices rose sharply when extreme weather increased demand while frozen rivers hindered delivery of new supply. And the percentage of our state’s electricity derived from renewable sources of energy is less than 2 percent.

We must take the politics out of our infrastructure decisions, and find ways to make our roads and bridges safe, our buildings and schools greener and more energy-efficient, and generally make our state a better place to live for generations to come.

Implementing these upgrades will employ thousands of workers building schools, repairing roads, and retrofitting upgrades. Jobs in construction and building trades pay annual wages that are, on average, **20 percent higher** than the average wage for all other industries. These jobs stimulate job creation in retail trade, health care and social assistance, manufacturing, food, recreation and accommodation, and real estate, rental and leasing services. They have a major impact on our state's economy: **if we could bring spending on construction up to the level it was at in 2001, we could reduce the unemployment rate from 9.2 percent to 7.3 percent, moving Rhode Island from the highest rate in the country to the 14th highest.**⁷





Municipal Infrastructure: The Rhode Island Municipal Infrastructure Bank

In a state as small as Rhode Island, we all share each other's resources. This is particularly true for roads and bridges: any Rhode Islander's commute is likely to cross more than one city or town border, and travel across a mix of municipal and state streets. That's why it's imperative that we ensure all of our municipalities have the ability to pay for infrastructure improvements and maintenance. And with property taxes rising higher and higher in our cities and towns, we need to do a better job of keeping costs low for improvements to our public buildings, and give municipalities the opportunity to invest in cost-saving improvements like energy-efficient upgrades. That's why I will create the **Rhode Island Municipal Infrastructure Bank**.

This bank will be a one-stop shop for cities and towns looking for the expertise and financing they need to improve their infrastructure. And when towns have the ability to start investing in infrastructure again, we can start putting more Rhode Islanders back to work.

Expand and Fully Fund the Municipal Road and Bridge Revolving Fund

I am incredibly proud of the work that Treasury has done to launch Rhode Island's Municipal Road and Bridge Revolving Fund in conjunction with the Clean Water Finance Authority. **This Fund offers low-interest loans to our cities and towns so that they can get to work fixing their roads and bridges right now.**

These low-interest loans allow our municipalities to put people to work rebuilding our communities immediately, and result in long-term savings for our cities in towns in lower interest costs and fewer accidents.

The program has been a resounding success: in the upcoming year, we will be able to help more than **15 different municipalities** with a total of **nearly \$20 million** to repair roadways, bridges, and sidewalks.

But it can be an even more powerful tool for our cities and towns. As governor, I will put the Revolving Fund on a path to be fully funded, so that it can do even more good for our municipalities.

Investment: Fully funding the Municipal Road and Bridge Revolving Fund will cost approximately \$40 million over the course of 20 years. This money can come from a variety of sources, including bonds, private capital, or state appropriations. In that same time period, the fund will loan out **nearly \$400 million** to our cities and towns to help them put people to work fixing their roads and bridges. This is a creative, proven model – and we have other successful examples from which to work in our state, including the various funds in the Clean Water Finance Agency.



Institute a Road and Bridge Funding Formula

Our cities and towns do not do enough to *consistently* maintain their roads and bridges. This often means that instead of spending a *little* on a frequent basis to keep roads and bridges in peak condition, we instead defer spending on maintenance, often resulting in *expensive* replacement projects.

But Rhode Islanders know this already. They see it every day in their commute. A trip to work or school often means either putting yourself at risk avoiding potholes or damaging your car driving through them.

Our municipalities are often unwilling or unable to spend money on road and bridge maintenance for a number of understandable reasons: overall budgets are still tight (and property taxes too high); it is easy to skip maintenance costs for a year (at the expense of more costly repairs in later years); local Departments of Public Works are not familiar with best practices; and decision-makers are not empowered with good information with which to make spending decisions.

A **funding formula** for roads and bridges would solve this problem by creating a custom solution for individual roads and their particular needs. It would:

1. Recommend how much should be spent on maintenance per year by type of road/bridge, its current condition, and its traffic patterns;
2. Create **statutes** to ensure that **this amount is spent by municipalities every year**, and provide **funding** to help them do so; and,
3. Institute a **digital pavement-management system** to track progress and continuously improve, helping towns work together to reduce overall costs.

If we give our cities and towns the resources and ability to maintain their roads, then we can keep our surface infrastructure in prime condition.

Investment: *The Road and Bridge Funding Formula would likely require approximately \$10-20 million per year in aid to cities and towns to fund. In the long term, our municipalities will save money as a result of fewer capital replacement projects.*

Establish a Rhode Island School Building Authority

One of our biggest infrastructure problems is also an *education* problem: our state's schools are crumbling.

Our schools are where our students spend the majority of their time – we need to ensure that they are safe, efficient, and designed to prepare our students with the skills they need in a global economy.



With the school construction moratorium lifting this May, we have an opportunity to rethink the way that we fund the building of our schools, and institute a plan that will save our state money and put people back to work.

Rhode Island's municipalities anticipate about **\$1.8 billion in school construction costs** over the next 20 years.

Under our current system school construction is paid for entirely by borrowing. This adds **35 percent** to the expense of building schools (an additional cost of **nearly \$125 million per year!**).

We can reduce this expense by using a dedicated portion of our sales tax to create a revenue stream and reduce our cities and town's reliance on borrowing. In FY2013, Rhode Island's 7 percent sales tax yielded \$873 million in revenue. Taking just half of a cent from this tax will yield \$60 million annually, which we can use to borrow less and therefore reduce municipal debt.

When we reduce borrowing costs for our municipalities and state, we can make it less expensive to rebuild schools, and put people back to work.

Our state is also unnecessarily dividing the process of school construction funding among a number of agencies. In order to further reduce costs, I will bring together our school building efforts under a roof, called the **Rhode Island School Building Authority**. This Authority will provide expertise and guidance to cities and towns to help them identify their school construction needs, prepare budgets and timelines, and keep costs low.

Massachusetts has created their own School Building authority, using a dedicated revenue stream of one cent from the state's sales tax. The Authority uses this money, in conjunction with its ability to issue bonds, to provide grants to school districts to reimburse construction costs within 15 days of a school district's request. By working closely with their municipalities, and serving as a trust for school districts, the Authority has saved municipalities **over \$2.9 billion** in interest costs, and has pumped money into communities during difficult economic times.

Establish a Green Bank

Every day when I get to work at the State House, I look out across the street to the Department of Transportation building, and I'm dismayed by what I see. Whether it's the window-unit air conditioners in the summer, or the heat escaping in the winter, I know that our state buildings are wasting state money and polluting our environment.

Renewable green technologies offer hope. Between the installation of solar panels, the replacement of old, inefficient power technology, and the implementation of energy-savings technology, we can retrofit our state to save money and reduce carbon emissions, **and put people to work now.**

Many municipalities, homeowners, and businesses in Rhode Island want to retrofit their facilities, but despite the promise of long-term savings, most are unwilling to make the up-front expenses - and many more don't even know where to start.



That's why, as governor, I'll bring all of Rhode Island's existing green-energy and energy-efficiency efforts under a single roof, and establish a **Green Bank**. By consolidating expertise and sources of revenue, we will have a starting-off point from which to scale up our Green Bank.

We have a perfect example of how we can implement just to our west. **Connecticut established the first Green Bank in the nation.** It's called Clean Energy Finance and Investment Authority, and it's aimed at providing low-cost financing for clean energy and energy-efficiency projects.

Investment: *The Green Bank will take a little bit of state money to get started, but the key to its expansion will be private capital. There are sources of private capital to do these kinds of energy-efficiency and renewable upgrades – states like Connecticut and cities like New York are already taking advantage of them. We need to structure ourselves to do the same, or Rhode Island will once again miss out on an opportunity.*





State Infrastructure Projects: Being Creative and Strategic

In addition to giving our municipalities the resources they need to address their infrastructure needs, we must also be more strategic about our state-owned assets.

As governor, I'll ensure that we implement the **Road and Bridge Funding Formula** for our state-owned highways and bridges in addition to our municipal streets, ensuring that we are constantly maintaining our state assets, and saving money by reducing the frequency of large capital outlay replacement projects.

And for large infrastructure projects, I will seek out opportunities to supplement government spending with **public-private partnerships**, so that we can save money on borrowing costs and service bond debts, and put less stress on our state budget for big infrastructure projects we desperately need.

Public-private partnerships will give us the ability to do big, bold things, and employ thousands of Rhode Islanders in the process.

Finally, I'll use the Green Bank as a mechanism for retrofitting all of Rhode Island's public buildings and facilities with energy-efficient upgrades. ***We can save money on energy costs in the long run if we put in the investments now to make our buildings more energy-efficient.***

Between our public colleges and universities and our government administration buildings, there are countless opportunities to employ people retrofitting our facilities and upgrading Rhode Island with green, energy-efficient technologies.





Endnotes

- 1 Bryant University Center for Global and Regional Economic Studies
- 2 *Id.*
- 3 *Id.*
- 4 The Corporation for Enterprise Development. *Making the Grade: The Development Report Card for the States*. 1987. <http://cfed.org/assets/pdfs/DRCs/drc1987.pdf>
- 5 American Society of Civil Engineers. 2013 Report Card for America's Infrastructure. http://www.infrastructurereportcard.org/rhode_island/rhode-island-overview/
- 6 Rhode Island Department of Elementary and Secondary Education. *FY2013 Public Schoolhouse Assessment*. <http://www.ride.ri.gov/Portals/0/Uploads/Documents/Funding-and-Finance-Wise-Investments/School-Facilities/School-Construction-Program/FINAL-SCHOOLHOUSE-REPORT.pdf>
- 7 Bryant University, *supra*.