

Department of Administration



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State Budget Officer
Senate Finance Committee
August 18, 2020

Combined Capital Development/Debt Management Request



Project Requested	Original Article 4 & 5	Amended Article 4 & 5	Difference
Capital Development Summary	\$268.8M	\$496.8M	\$228.0M
Higher Education	\$117.3M	\$117.3M	\$0.0M
Housing and Infrastructure	\$87.5M	\$310.5M	\$223.0M
Parks/Green Economy	\$64.0M	\$69.0M	\$5.0M
General Revenue Certificate of Participation Summary	\$118.8M	\$90.8M	(\$28.0M)
Total General Revenue Funded Debt Requested	\$387.6M	\$587.6M	\$200.0M
Revenue Bond Summary	\$64.3M	\$40.0M	(\$24.3M)
Total Debt Authorization Requested	\$451.9M	\$627.6M	\$175.7M

Article 5 – Capital Development Program



Project Requested	Original Article 5 Proposed	Amended Article 5	Difference
Higher Education	\$117.3M	\$117.3M	\$0.0M
URI: Fine Arts	\$57.3M	\$57.3M	\$0.0M
URI: Smart Bay	\$10.0M	\$10.0M	\$0.0M
RIC: Science Building	\$38.0M	\$38.0M	\$0.0M
CCRI Academic Infrastructure	\$12.0M	\$12.0M	\$0.0M

Article 5 – Capital Development Program



Project Requested	Original Article 5 Proposed	Amended Article 5	Difference
Housing and Infrastructure	\$87.5M	\$310.5M	\$223.0M
Industrial Reshoring and Site Development	\$21.5M	\$56.5M	\$35.0M
Port of Davisville at Quonset	\$20.0M	\$31.0M	\$11.0M
Health Laboratory	\$0.0M	\$107.0M	\$107.0M
Housing	\$25.0M	\$65.0M	\$40.0M
Transportation HMA State Match	\$0.0M	\$30.0M	\$30.0M
Cultural Arts and the Economy Grant Program	\$5.0M	\$5.0M	\$0.0M
State Preservation Grants	\$1.0M	\$1.0M	\$0.0M
Pre-K Infrastructure Improvements	\$15.0M	\$15.0M	\$0.0M

Industrial Reshoring and Site Readiness

- \$56.5 million for Industrial Site Readiness & Reshoring
 - \$21.5 million: Pre-permit and prepare sites to accommodate of new industrial development.
 - \$20.0 million: Invest in offshore wind infrastructure to unlock additional industry investment.
 - \$15.0 million: Fund infrastructure (e.g. water, sewer, energy, etc.) and facilities (e.g. seafood processing project and manufacturing reshoring facilities) to capitalize on reshoring and other job-creation opportunities.



Industrial Reshoring and Site Readiness



Where can we build more industrial in Rhode Island?

Multiple statewide industrial land scans have identified options across the state

- **Conducted 3 separate statewide analyses to identify sites** (2017 QDC, 2017 RI Planning, and 2019 QDC)
- **Identified Opportunities**
 - Individual sites identified in 7 communities, ranging from 70 acres to 300 acres (and more will be identified going forward)

Challenges Include

- | | | |
|--|---------------------------|-------------------------------|
| → Lack of Site Control/Multiple Owners | → Existing Encumbrances | → Soil Conditions |
| → Owner Value Expectations | → Lack of Utility Service | → Environmental Contamination |
| → Land Use Decision Making Process | → Transportation Access | → Wetlands |
| | → Topography/Grading | |

Modernization of the Port of Davisville



- To include master planning & expansion and modernization of the Port of Davisville.
 - \$31 million: (\$11 million increase to replace previously programmed RICAP funds) Complete the rehabilitation of Pier 2 at the Port of Davisville, Rhode Island's only public port
 - Solidify the port's position as premiere marine commercial gateway to New England
 - Continued role in emerging offshore wind industry
 - Major engine of economic activity for the state
 - Includes \$6M for work on southern Quonset Waterfront



State Health Laboratories

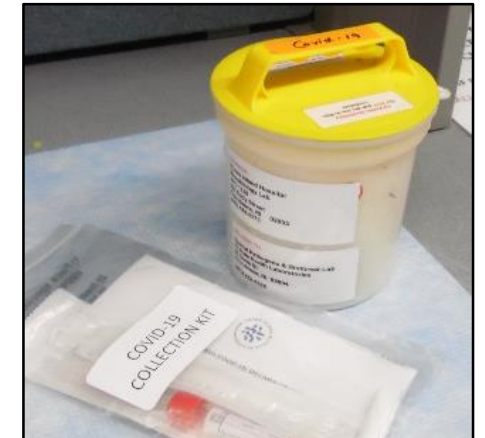
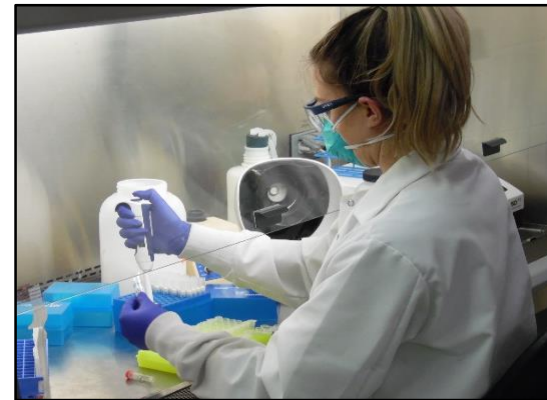


\$107.0 Million Health Laboratory Replacement

The State needs a new Laboratory building to continue rapid response to increasingly complex threats to public health, like the current COVID-19 pandemic , and to keep pace with emerging scientific technologies. Aging infrastructure, substandard life-safety systems, poor ventilation, and building designs unfit for modern, competitive research needs weigh the institution down. Building a new laboratory supports resiliency and public preparedness.

Vital Testing Services Provided by State Health Laboratories:

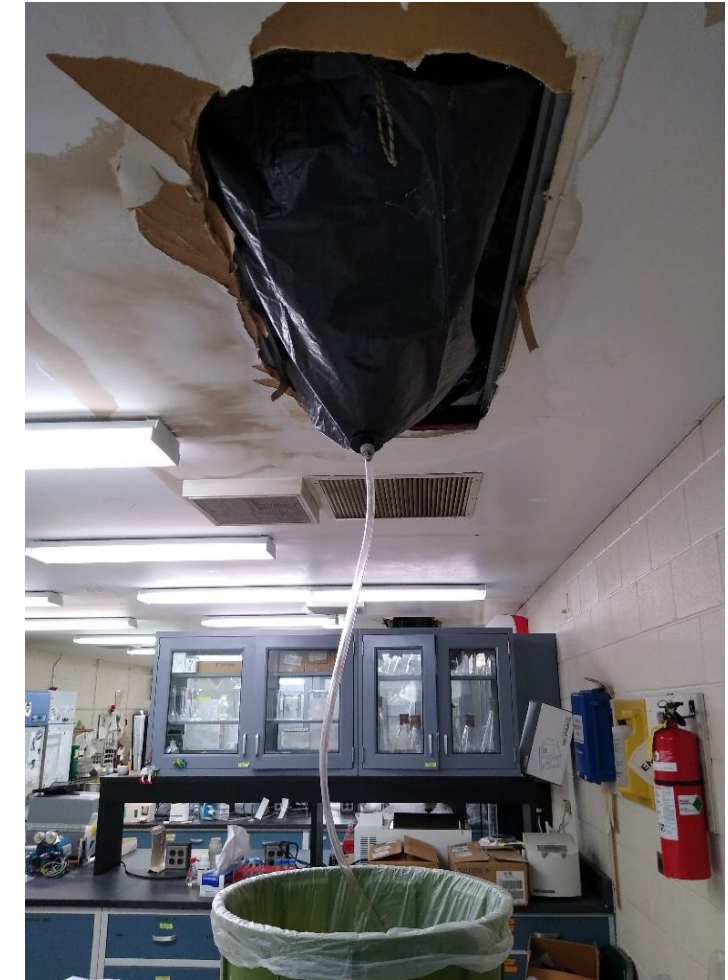
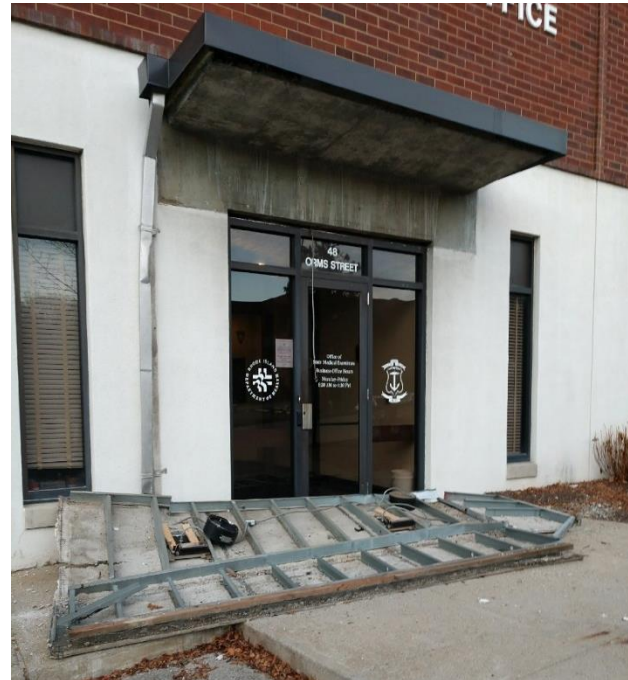
- Investigate life-threatening outbreaks of infectious diseases, like COVID-19
- Ensure safety of drinking water, food, air quality, and coastal waters
- Conduct lead screening for Rhode Island’s children
- Undertake DNA testing and illegal drug identification for law enforcement
- Analyze forensic and clinical toxicology to help fight opioid overdose crisis
- Serve as State’s link to specialized CDC Laboratories



State Health Laboratories

Current Limitations at the Chapin Building

- Inadequate utilities
- HVAC systems and equipment have reached or exceeded useful life
- Inadequate electrical supply damages expensive lab equipment and limits additional, new testing equipment
- Structural deficiencies
- High level of deferred maintenance
- Potential for staff/visitor injuries
- Risk for contamination
- High risk for cross contamination between labs
- Potential exposure to infectious agents
- Inadequate exhaust may expose staff to toxic chemicals



State Health Laboratories



Benefits of a New Facility for State Health Laboratories

1. Improved public health services
 - Enhanced capacity to provide advanced microbiological and chemical testing and analysis
 - New bio-containment facility
 - Increased space for specimen handling and processing during pandemic
2. Fiscal efficiency and economic impact
 - Promote cutting-edge research, academic partnerships, and experiential learning opportunities
 - Catalyst for growth of a biotech cluster
 - Shared services and space with academic, hospital/healthcare system, or industry partners
 - Built on State-owned or controlled land
 - Eliminate deferred maintenance/facility costs of Chapin Building
 - Potential to attract additional federal funding
 - Support local economy: shellfish/seafood safety analysis
3. Reduced liability
 - Prevent potential harmful exposures or injury
 - Infrared temperature scanners installed for staff safety during pandemic
 - Separation of hands-on lab work and administrative work



Affordable Housing and Community Revitalization



Increase affordable housing opportunities and invest in community infrastructure that promotes economic and health resiliency.

- **\$65 million revised request:** (\$40 million increase from original proposal)
 - \$45 million to develop new units and preserve/repair existing housing stock
 - \$20 million for community revitalization projects
- **Affordable Housing:** Build on the success of past housing bonds to:
 - Develop or preserve approximately 1,300 affordable units
 - Develop a pipeline of shovel-ready projects
 - Support critical health and safety repairs to existing homes
 - Pilot new acquisition and financing strategies



Community Infrastructure

- Invest in projects that spur short-term recovery and long-term resilience.
 - Mixed-use developments for local commerce and community amenities
 - Community facilities, spaces and green/open spaces
 - Streetscapes and local infrastructure
- Modeled in part upon the successful 2016 Acquisition and Revitalization Program



DOT – State Match Article 4 and 5



- **The State Match and Operations Problem:**
 - This budget year, RIDOT faces a \$70.0 million shortfall – crippling the RhodeWorks program:
 - Gas Tax Revenue Shortfall of ~\$20.0 million due to COVID.
 - Potential loss of RICAP in amount of \$30.0 million.
 - Reduced Revenue Bond Capacity of ~\$20.0 million.
 - Because of its success in achieving goals, RIDOT has attracted \$400.0 million in additional federal funds – both competitive and discretionary grants.
 - If RIDOT cannot produce a state match for these monies – the \$70.0 million gap in revenue reduction will grow to \$200 million over the next 4 year.
- **Consequences of loss of State matching funds:**
 - If projects shut down we will have unsafe roads and bridges, additional shut down and startup costs, huge loss of income to construction industry and job loss.
 - RhodeWorks, an unqualified success to date and a sign of the state’s climb to economic success, will come to a grinding and highly visible halt.
 - The motoring public will see idle work sites, increased unemployment, and piles of dirt where construction should be.

DOT – State Match Article 4 and 5



- **Request:**
 - Enact article 4 to allow revenue bond of \$36.4 million to be used for State Match
 - Enact article 5 to allow for G.O. Bonds of \$30.0 million to be used for State Match
- **Long-Term Solutions (FY 2022 and Forward):**
 - Gas Tax increase
 - Increase to DMV fees (license and registration)
 - Additional RICAP allocated to DOT for State Match

DOT – State Match Article 4 and 5



- **Result of State Match and Operations Problem:**

- 10 Major Projects and many smaller projects face shutdown, some in mid construction.

Project	Total Amount	State Match Needed	Discretionary Grant/Funding Amount in Jeopardy	Type of Discretionary Grant
Bridge Group 58A – Division Street	\$18.0M	\$3.6M		
Bridge Group 51A – Route 37	\$65.0M	\$13.0M	\$20.0M	TIGER
Pell Bridge Ramps Phase 2	\$57.0M	\$11.4M	\$20.0M	BUILD
Providence Northbound Viaduct Project	\$265.0M	\$53.0M	\$60.3M	INFRA
Washington Bridge	\$75.0M	\$15.0M	\$25.0M	BUILD
Henderson Bridge	\$100.0M	\$20.0M	\$69.0M	THUD Appropriation
Bridge 04R – Huntington Viaduct Bridges	\$94.0M	\$18.8M	\$50.0M	THUD Appropriation
Route 146 Safety Improvement Project	\$150.0M	\$30.0M	\$65.0M	INFRA
Route 6/10 Interchange	\$180.0M	\$36.0M		
Pawtucket/Central Falls Train Station	\$51.0M	\$10.2M	\$13.1M	TIGER
	\$1,055.0M	\$211.0M	\$322.4M	

Cultural Arts and the Economy Grant Program



- **The U.S. Bureau of Economic Analysis reports for 2017 that arts and culture contribute over \$2 billion annually to the Rhode Island economy**
 - This is 3.8% of the Rhode Island GDP
 - 17,832 RI jobs are directly related to the arts and culture
 - This results in over \$1.0 billion in compensation for RI workers
- **The 2014 Cultural Facilities Bond Initiative:**
 - \$30 million bond initiative designated for the arts passed by the General Assembly in 2014 and approved by the voters – overwhelmingly – in November 2014.
 - Grants awarded in every corner of RI
 - To date grantees have spent over \$52.6 million. When completed we anticipate spending in excess of \$88.3 million
 - Out of the 306 companies employed, 228, (or 75%), were RI-owned.



Cultural Arts and the Economy Grant Program



- **The Need for Cultural Investment Continues:**

- A recent survey of arts and cultural organizations in Rhode Island documents need in excess of \$52 million in capital improvement projects.
- Modernized facilities = increased capacity = more dollars into the RI economy
- An active arts community attracts tourists and patrons to the benefit other RI businesses
- Increased arts programming contributes to an essential education for all RI youth

- **\$5.0 Million Requested will fund:**

- Trinity Rep - \$2.5 million
 - The bond funds would be used toward a \$12 million capital project to expand and fully renovate Trinity Rep's 100+ year old home, the Lederer Theater Center.
- RI Philharmonic Orchestra & Music School - \$1.5 million

State Preservation Grants



\$1.0 million requested by the R.I. Historical Preservation & Heritage Commission for competitively-awarded grants ranging from \$12,000-\$150,000 to fund capital preservation projects at museums, cultural art centers, and public historic sites located in historic structures.

Historical Review of Program:

- Funded by voter-approved bond issues in 2002, 2004, and 2014.
- All grants require recipient match. Match promotes careful planning, stimulates broader support and participation in projects, and leverages private resources statewide.
- 43 projects funded by the 2014 bond are now complete.
- The total value of those projects, which received \$3.5 million from RIHPHC, is over \$9 million – with most of those project dollars going to Rhode Island-based contractors and craftsmen.

Documentation of Need:

- RIHPHC received 88 applications for State Preservation Grants from 2015-2017, but only 57 could be funded. Needs of cultural organizations remain high.
- Grantees from 2015-2017 host an estimated 1.9 million visitors per year.



A craftsman hand-notches a rafter for the State Preservation Grant-funded roof restoration at the Coggeshall Farm Museum (c. 1799, Bristol).

State Preservation Grants



Farmhouse at Franklin Farm (ca. 1857, Cumberland), before and after State Preservation Grant-funded exterior restoration.



Pomham Rocks Lighthouse (1871, East Providence), before and after State Preservation Grant-funded interior restoration.

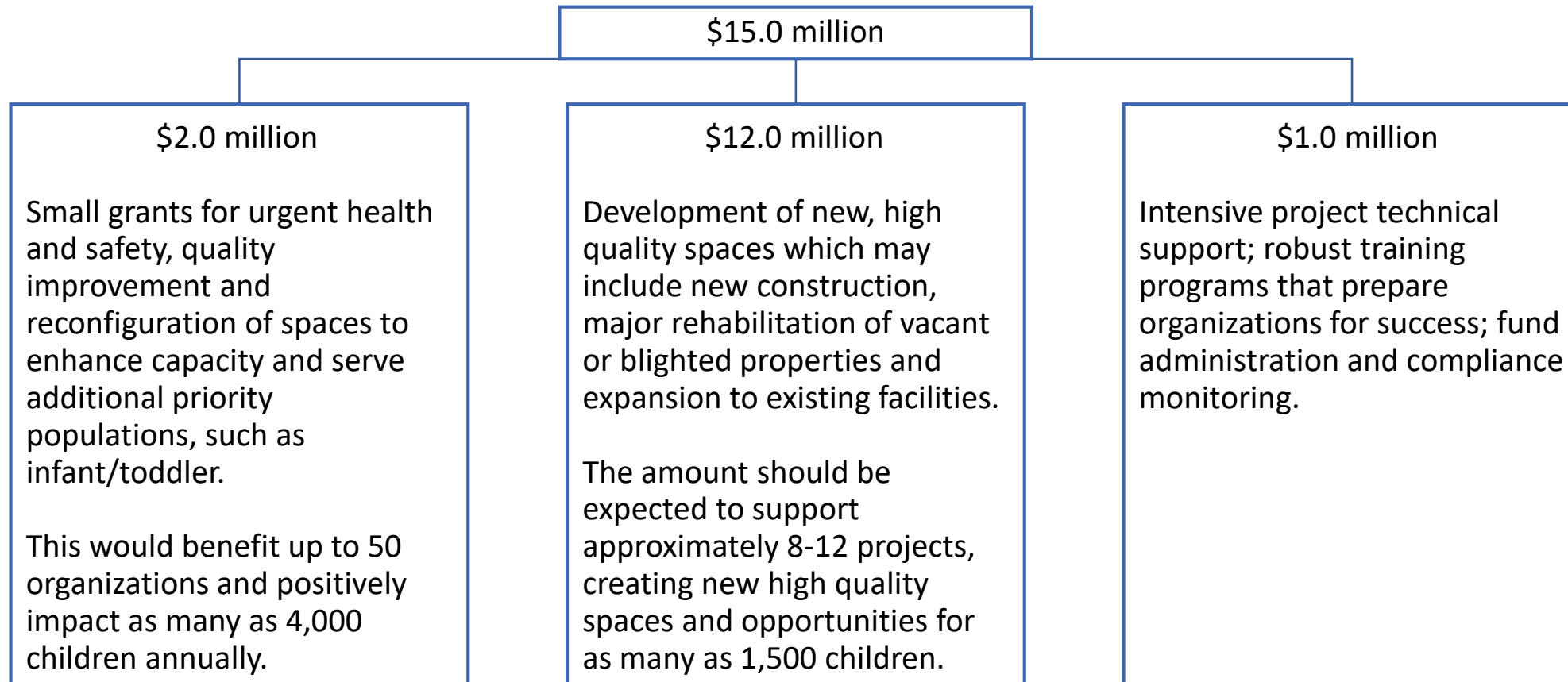
Pre-K Infrastructure Improvements

Early Learning Facilities Bond will Provide Critical Capital

- Children need high-quality, developmentally appropriate early learning environments.
- The 2019 Early Learning Facilities Needs Assessment indicates more than half of buildings used for classrooms are in “poor” condition.
- Early learning spaces have many unique requirements and features that support the cognitive development of young children. These space configurations are often not practical for other industries, making facility investments difficult to pursue.
- There is a shortage of available space for child care providers to expand. In RI, there are 24 municipalities that have more than 3 infants and toddlers needing care for every 1 licensed slot available.
- To address the scope of the project given the realities of where we currently are, a \$15.0 million bond is needed.



Pre-K Infrastructure Improvements



Pre-K Infrastructure Improvements



Our Children's Success Depends on it

- Only 15% of our 5-year-old population moves to a kindergarten classroom directly from a quality pre-K classroom, 15%-20% less than in Massachusetts.
- Data shows that only 12% of total revenue is available to address facility-related costs. This provides barely enough for basic operating and maintenance, and leaves very little available for improvement or expansion.
- Between the ages of birth and three, connections in the brain are made at a faster rate than at any other time in life, forming up to twice as many synapses as it will have in adulthood.



Pre-K Infrastructure Improvements



Protecting Public Funds

DHS will provide a rigorous administration of taxpayer dollars for projects with prospects of long-term service to communities and compliance to high quality building and regulatory standards. The terms and conditions also ensure ongoing compliance, including procedures to safeguard the expenditure of public funds. In addition, DHS will publish a report on the status of program implementation as well as an accounting of the commitment, disbursement, and use of funds allocated to the program.

Grant Eligibility & Priority

- Participation in the Child Care Assistance Program (CCAP), or demonstrates commitment to accepting CCAP in the future (submits an application at the time of request).
- Participates in the state’s Quality Rating and Improvement System (BrightStars), or commits to participating in the future and submits an application at time of request.
- Is a registered business with the Secretary of State OR if you are a sole proprietor, registered with your City/Town.
- Can provide most recent 2 years of approved business financials (independent audits, account reviews, or tax return) and a current, year-to-date financial statement if/when requested.
- Can comply with any relevant project and financial reporting requirements, including necessary backup required to document expenses incurred.
- Can provide a Data Universal Numbering System, of “DUNS,” number for the entity applying.

Grant Requirements

- Grant funds can ONLY be used for agreed upon expenses.
- All grant documentation must be kept on file for three years and must be accessible for compliance monitoring during that time.
- Monthly reporting on project status will be required.
- You will need to be able to produce financial reports of revenue and expenditures by grant. This can be done with software like QuickBooks, but if this is not something you feel you can do with your current accounting system, you will need to hold these grant funds in a separate bank account, so expenditures can be properly tracked and reported on.

Article 5 – Capital Development Program



Project Requested	Original Article 5 Proposed	Amended Article 5	Difference
Parks/Green Economy	\$64.0M	\$69.0M	\$5.0M
State Beaches/Parks	\$35.0M	\$40.0M	\$5.0M
Local Recreation Grants	\$4.0M	\$4.0M	\$0.0M
Natural and Working Lands	\$3.0M	\$3.0M	\$0.0M
RIIB: Clean/Drinking Water	\$15.0M	\$15.0M	\$0.0M
RIIB: Municipal Resiliency	\$7.0M	\$7.0M	\$0.0M

State Beaches, Parks & Campgrounds



- Capital improvements will likely include new or upgraded facilities at Colt, Goddard Park, Brenton Point State Parks, Roger Wheeler, Scarborough, and Misquamicut State Beaches, and state campgrounds.
- Rhode Island's state park network attracts upwards of nine million visitors each year. Hosts hundreds of local events and high-profile national and international events such as Newport Folk and Jazz Festivals.
- State parks contribute close to \$312.0 million of economic output and support over 3,700 jobs annually.
- Includes funding for development of a park on the former I-195 lands in Providence

Despite COVID-related parking restrictions, RI state beaches experienced a 79% increase in visitors in June 2020 (340,000 visitors) over June 2019 (190,000 visitors)



State Beaches, Parks & Campgrounds



- I-195 Park Infrastructure request for \$4.0 million is essential for the long-term financial viability, safety, and overall success of the new park
- Infrastructure enhancements include the design and construction of:
 - Enhanced utilities: WIFI, sewer service, upgraded electricity and water service
 - Small pavilion for food and beverage service, including restrooms
 - On-site storage
- Enhancements were recommended in a strategic plan for the park developed by Biederman Redevelopment Ventures, national experts in the development and management of urban parks
- Will enable programming, events, food and beverage concession to occur in the park, which will provide revenue streams, support economic development, and improve quality of life for residents and employees

Local Recreation and Natural and Working Lands



- Local Recreation:
 - DEM's most popular grant program providing up to 80% matching grants to create new and improve existing community parks and recreation facilities. Previous grant rounds received requests totaling twice the available funds.
 - Since the inception of the program in 1988, DEM has awarded 519 grants totaling \$73.0 million in investments in all 39 cities and towns.
- Natural & Working Lands:
 - This program will protect farmland – enabling farmers to stay in business and keeping land productive – that supports our local food system and provides jobs. Since 2010, we have leveraged nearly 75% partner funding on farmland projects.
 - Program also protects forested lands and the associated economic and ecosystem benefits. Rhode Island's forest-based recreation economy generates approximately \$375.0 million annually.



RIIB: Clean/Drinking Water



- **Required State Revolving Loan Fund Match:**

- \$15.0 million is being requested for the required state match funding for the Bank's Clean Water and Drinking Water State Revolving Fund Capitalization Grants
- This funding is required for the Infrastructure Bank to receive \$75.0 million in federal grants from the United States Environmental Protection Agency
- This funding is also used by the Bank to leverage private sector capital resulting in \$150.0 million to \$250.0 million in below market interest rate loans for water and wastewater infrastructure projects while supporting 4,300 to 7,200 jobs
- Since 2018, the Bank's Clean and Drinking Water programs have saved communities and public utilities \$24.9 million through lower interest costs and loan forgiveness
- Examples of projects funded through the Bank's Clean and Drinking Water programs include:
 - Narragansett Bay Commission CSO III project, green stormwater infrastructure in Pawtucket, lead water main replacement, projects that mitigate PFAS and chlorine contamination, and small water system upgrades in disadvantaged communities throughout the State

RIB: Municipal Resilience Program



- Funding to provide grants to cities and towns to implement infrastructure projects that are identified through the Bank's Municipal Resilience Program
- The Municipal Resilience Program provides technical assistance to municipalities to identify and prioritize infrastructure projects that improve community resiliency and strengthen public safety in the face of increased flooding and more frequent and intense storm events as a result of climate change
- Five communities have already completed the Municipal Resilience Program and nine communities are currently participating in the next phase of the program
- This funding will unlock the ability for fifteen cities and towns to participate in the program and accelerate infrastructure project investment, creating jobs and protecting the environment

Article 4 – Debt Management Act Joint Resolutions

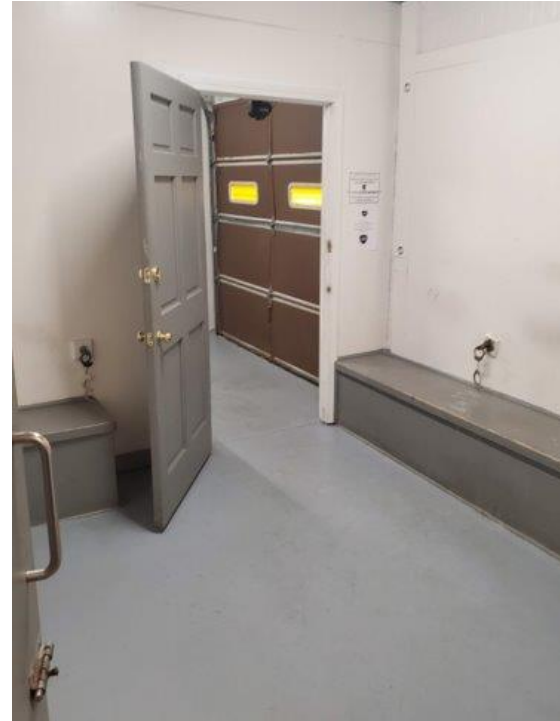


Project Requested	Original Article 4 Proposed	Amended Article 4	Difference
Certificates of Participation Total	\$183.1M	\$130.8M	(\$52.3M)
Certificates of Participation General Revenue	\$118.8M	\$90.8M	(\$28.0M)
Southern Barracks	\$35.0M	\$35.0M	\$0.0M
DCYF Child Welfare System	\$17.0M	\$17.0M	\$0.0M
Enterprise Resource Planning	\$54.8M	\$38.8M	(\$16.0M)
Regan Hospital Modernization	\$12.0M	\$0.0M	(\$12.0M)
Certificates of Participation Revenue Bond	\$64.3M	\$40.0M	(\$24.3M)
DOT Motor Fuel Revenue Bond	\$64.3M	\$40.0M	(\$24.3M)

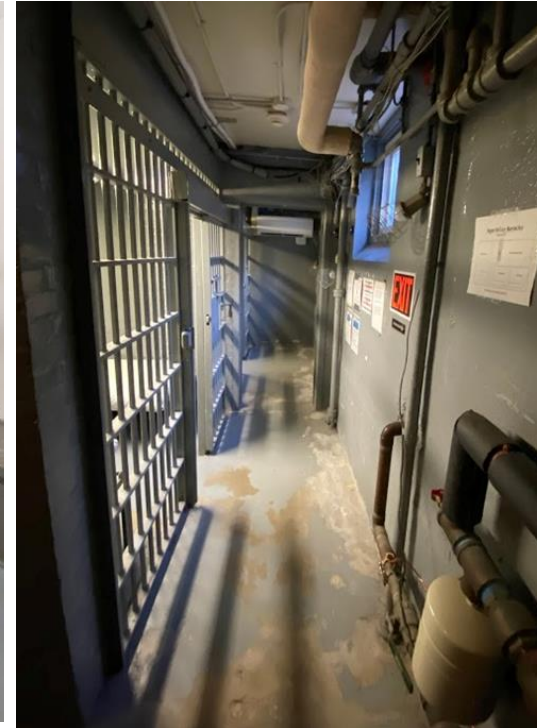
Southern Barracks

Limitations at the Existing Barracks

- Safety and Security Deficiencies
 - Cell block Safety Risks
 - Shared trooper and prisoner entrances
 - Ballistic protection
- Failure to comply with Americans with Disabilities Act (ADA)
 - Stairs, steps and narrow doorways
 - Uneven walkways
- Structural deficiencies



Wickford Barracks
Holding Room



Outdated
Cell/Prisoner
Safety Risks



Wickford Barracks
Front Entrance

Southern Barracks

Limitations at the Existing Barracks

- High level of deferred maintenance
- Potential for staff/visitor injuries
- Environmental Issues
 - Asbestos, lead paint, water damage
- Outdated and undersized employee workspaces
 - Need for women's locker room
 - Need for computer server room



Sergeant Desk & Prisoner
Arraignment Desk



Dispatch/Front Office
No Ballistic Protection



Hope Valley Barracks
Boiler, Evidence Room &
File Storage

Southern Barracks



Enterprise Resource Planning System



The request set forth in Article 4, calls for one debt issuance opposed to two in the amount of \$38.8 million. The certificates of participation will have a term of 7 years (FY2022 – FY2028) with approximately \$4.2 million in interest for a total cost of \$43 million.

\$12.8 million to be funded by the Internal Service Fund (ISF) for a total project cost \$51.6 million (excluding interest on the COPS).

- This funding will be used for Change Management and additional support staff for the project to ensure operations are not impacted
- Includes project management overhead / consultants

With the proposed certificates of participation, the funds will be utilized to complete the HR/payroll system along with integration into Finance. The grants system will be funded through the information technology internal service fund to maximize federal dollar recovery.

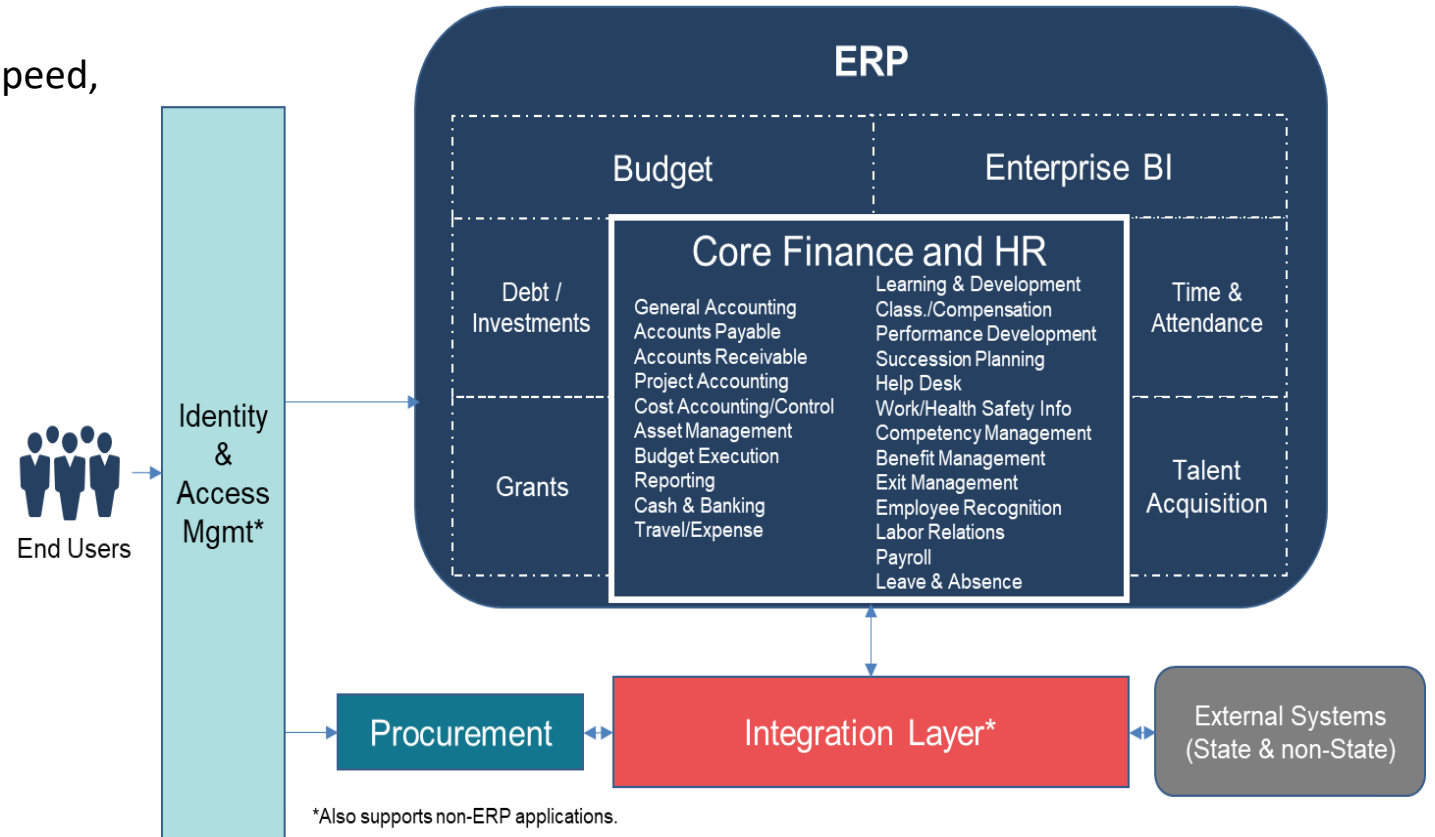
Enterprise Resource Planning System



NEW ENTERPRISE APPLICATIONS

Our future architecture is a modern, integrated, and comprehensive Enterprise Resource Planning system.

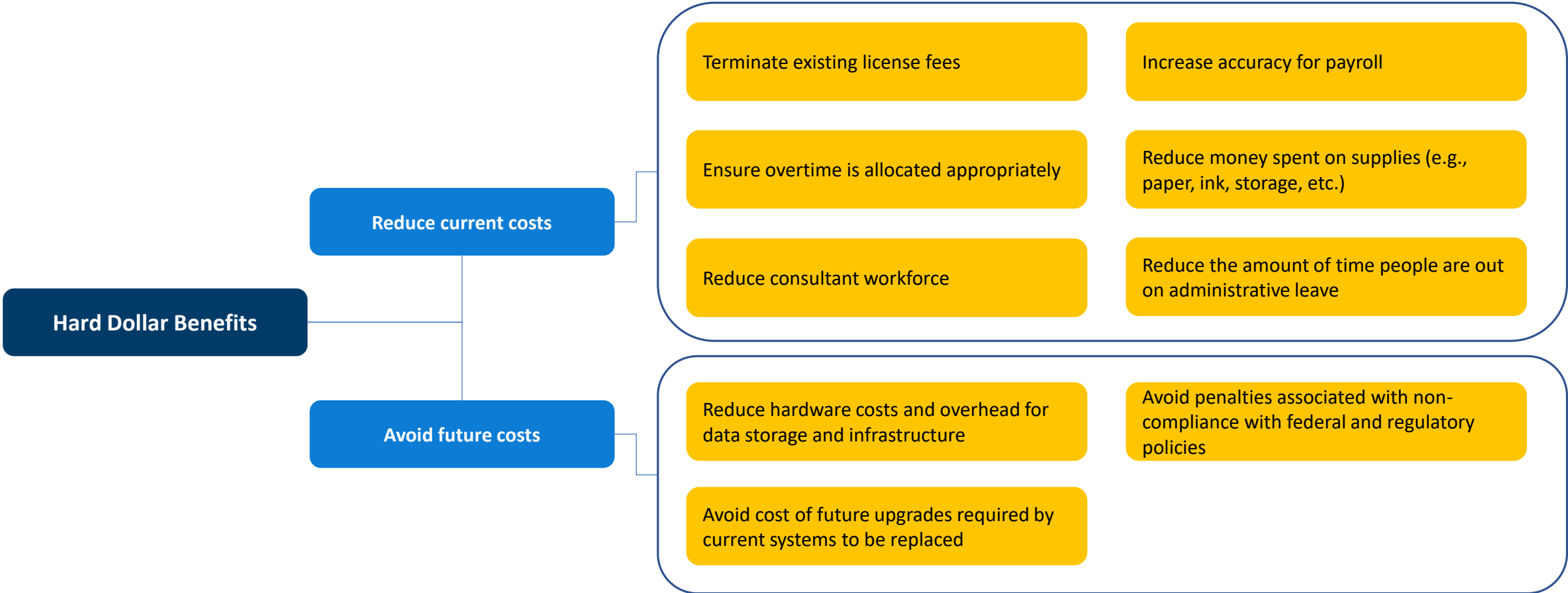
- Cloud/Software-as-a-Service (SaaS) solution provides speed, cost reduction, flexibility, scalability, and innovation
- This architecture balances the advantages of a unified approach with the advantages of specialized, “best-of-breed” applications



Enterprise Resource Planning System



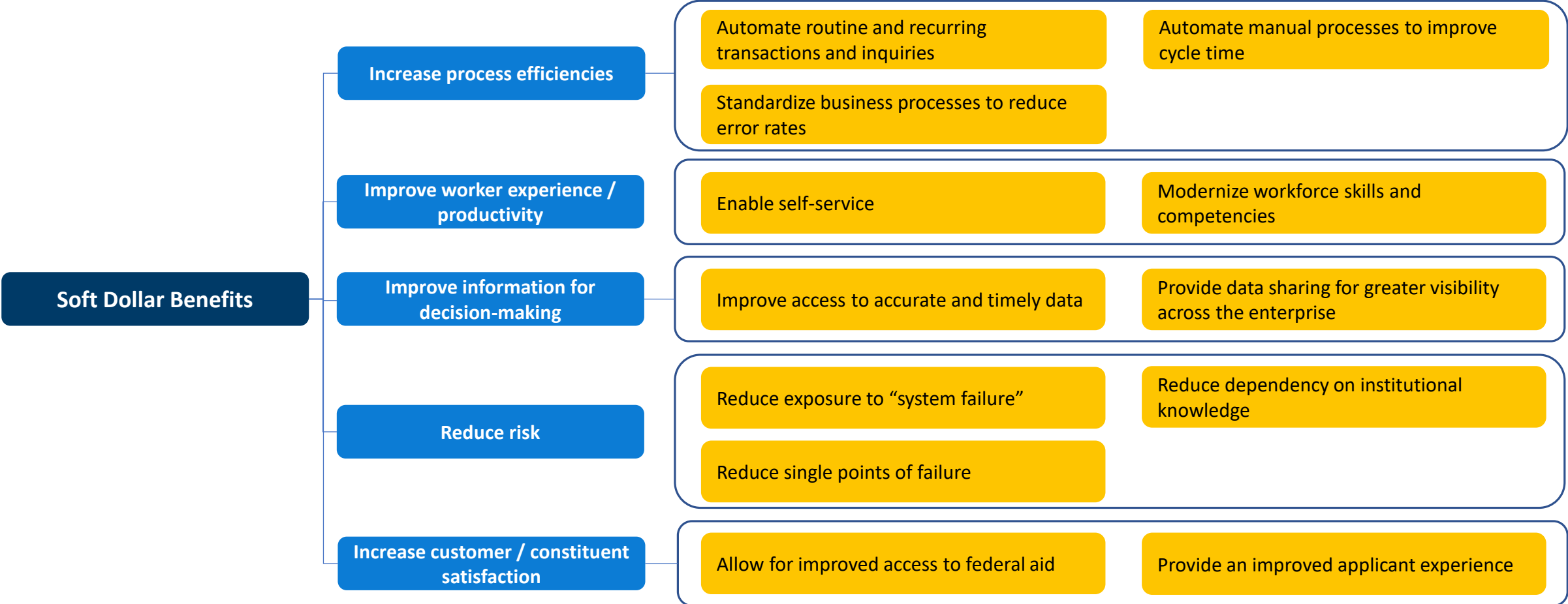
Implementation of the Strategic Plan results in measurable (hard) cost decreases and savings.



Enterprise Resource Planning System



Implementation of the Strategic Plan results in process efficiencies (soft dollar) and desirable enterprise wide benefits.



DCYF – Child Welfare System



- System Replacement estimated at \$28.0 million
 - COPS \$17.0M
 - Federal Funds \$11.0M
- Issues:
 - The 22-year-old RICHIST system no longer meets DCYF’s operational needs.
 - Maintenance support is increasingly expensive and becoming increasingly scarce.
 - Pandemic has further exposed need for technology to support a mobile workforce
- Objective:
 - Optimize the availability of data to:
 - Robustly inform case management decisions.
 - Inform current and prospective programming.
 - Measure outcomes of our children and families.
 - Meet reporting needs and maximize funding opportunities.
 - Improve interfaces with education, court and HHS systems.

DCYF – Child Welfare System



- Anticipated Outcomes:
 - Less time with paperwork = more time with families
 - Smarter decision making using real-time access to information
 - Support for more families before a crisis occurs using predictive analytics
 - Innovative services informed by sophisticated outcome measurement

Thank you