Governor’s FY 2015 Budget: Articles

Staff Presentation to the House Finance Committee
February 27, 2014

Introduction

- Article 5
  - Question 4: Environment

- Article 8 – Water Supplies
Assembly Role

- Appropriate Pay-Go (Articles 1 and 10)
- Approve General Obligation Bond Referenda
  - Voters approve or reject
  - Debt service automatic

Project Considerations

- Does the project need to be done
- Is the project ready to be done
  - When will it start
  - Is it well thought through and ready for funding/financing
  - When will it be complete
Funding Considerations

- Should a project be financed or pay-go
  - Rhode Island Capital Plan funds available as pay-go for all or part of project
  - More pay-go equals less future debt service

General Obligation Bonds

- Plan relies on $275.0 million of new general obligation bonds for November 2014 ballot
  - Higher Education projects
  - Transportation
  - Water Infrastructure
  - Recreation and Environment
  - Arts- Cultural Economy
**Bond Referenda – November 2014**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education (Feb. 26)</td>
<td>$125,000,000</td>
</tr>
<tr>
<td>Transportation (Feb. 25)</td>
<td>40,000,000</td>
</tr>
<tr>
<td>Water Infrastructure</td>
<td>35,000,000</td>
</tr>
<tr>
<td>Environment &amp; Recreation</td>
<td>40,000,000</td>
</tr>
<tr>
<td>Arts (Feb. 26)</td>
<td>35,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$275,000,000</strong></td>
</tr>
</tbody>
</table>

**Bond Referenda – November 2014**

<table>
<thead>
<tr>
<th>Category</th>
<th>Annual Debt Service</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education</td>
<td>$10.3</td>
<td>$200.2</td>
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<tr>
<td>Transportation</td>
<td>3.3</td>
<td>64.1</td>
</tr>
<tr>
<td>Water Infrastructure</td>
<td>2.9</td>
<td>56.1</td>
</tr>
<tr>
<td>Environment</td>
<td>3.3</td>
<td>64.1</td>
</tr>
<tr>
<td>Arts</td>
<td>2.9</td>
<td>56.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$22.8</strong></td>
<td><strong>$440.6</strong></td>
</tr>
</tbody>
</table>

Assumes 5% rate and 20 year maturity  
Data in millions
Article 5, Question 4

- Question 4 – Clean Water, Open Space and Healthy Communities
- $75.0 million
  - $40.0 million for DEM projects
  - $20.0 million for Clean Water State Revolving Fund
  - $15.0 million for Water Facilities Assistance

Article 5, Question 4

- Question 4 – Clean Water, Open Space and Healthy Communities
- $40.0 million for DEM projects
- Total of 13 project components:
  - Adds funding for 8 existing programs
  - Funds 5 new programs
### Article 5, Question 4

#### Existing projects:

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brownfields Remediation</td>
<td>$5.0</td>
</tr>
<tr>
<td>Park &amp; Management Area Improvements</td>
<td>4.0</td>
</tr>
<tr>
<td>State Open Space</td>
<td>4.0</td>
</tr>
<tr>
<td>Local Rec. Development Grants</td>
<td>4.0</td>
</tr>
<tr>
<td>Local Open Space</td>
<td>3.0</td>
</tr>
<tr>
<td>Farmland Development</td>
<td>3.0</td>
</tr>
<tr>
<td>Distressed Comm. Relief Grants</td>
<td>1.0</td>
</tr>
<tr>
<td>Local Agriculture &amp; Seafood</td>
<td>0.5</td>
</tr>
</tbody>
</table>

**Total**                                            **$24.5**

#### New projects:

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine Infrastructure &amp; Pier Dev.</td>
<td>$4.3</td>
</tr>
<tr>
<td>Green Infrastructure Grants</td>
<td>4.0</td>
</tr>
<tr>
<td>Shellfish Management &amp; Restoration Facility</td>
<td>3.2</td>
</tr>
<tr>
<td>Flood Prevention</td>
<td>3.0</td>
</tr>
<tr>
<td>Lake Recreation &amp; Restoration</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**Total**                                            **$15.5**
## Article 5, Question 4

- 2012 voters approved $20.0 million of recreation and development bonds:

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Local Recreational Development</td>
<td>$5.5</td>
<td></td>
</tr>
<tr>
<td>Farmland Development</td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>Narragansett Bay Watershed</td>
<td>4.0</td>
<td></td>
</tr>
<tr>
<td>State Open Space</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>Local Open Space</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>Historic &amp; Passive Grants</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$20.0</strong></td>
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</tr>
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### Projects

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Local Open Space</td>
<td>$12.5</td>
<td>$7.6</td>
</tr>
<tr>
<td>Farmland Development</td>
<td>9.5</td>
<td>5.5</td>
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<tr>
<td>State Open Space</td>
<td>15.0</td>
<td>3.7</td>
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<tr>
<td>Local Rec. Development</td>
<td>14.5</td>
<td>8.5</td>
</tr>
<tr>
<td>State Recreation Facilities</td>
<td>5.0</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$56.5</strong></td>
<td><strong>$26.6</strong></td>
</tr>
</tbody>
</table>
Article 5, Question 4

- State Recreational Facilities
  - Governor’s FY 2015 – FY 2019 Capital Budget reduces approved 5-year RI Capital Plan funds by $8.3 million
  - Even with $4.0 million of general obligation bonds, total for project is $4.3 million below current approved

Article 5, Question 4

- $20.0 million for Clean Water State Revolving Fund
  - Subsidized loans for local governments to finance wastewater infrastructure projects
  - Increase capacity for cities and towns to borrow
Project Priority Lists compiled by DEM and DOH identify project needs totaling approximately:
- $1.8 billion for clean water projects
- $72.5 million for drinking water projects

2004 and 2012 voters approved a total of $30.5 million in new bonds for CWFA.
Of $20.0 million approved in 2012:
- $12.0 million for Clean Water State Revolving Fund
- $8.0 million for Drinking Water State Revolving Fund
- 2012 bond was used to fund state match for federal grants CWFA receives
- $13.0 million remains unused from 2012
Article 5, Question 4

- Clean Water Finance Agency indicates $20.0 million of new G.O. bonds would be used to increase its lending capacity
  - Finance additional projects in cities and towns
  - Not limited to matching funds
  - Full amount could be loaned without leveraging federal funds

- $15.0 million for Water Facilities Assistance
  - Grants to local water suppliers to implement water resource programs
  - If this question is approved, Budget also authorizes construction of interconnections between water supplies
  - Detail of this project is included in Article 8
Article 8

- 1992 Assembly mandated the state to upgrade Bristol County’s treatment facilities
  - RIGL 46-15.5
  - Mandate consisted of 3 projects
    - Construction of Shad Factory Pipeline
    - Upgrade Authority’s water treatment facility
    - Repairs reservoir facilities located mainly in Massachusetts

- Upgrade the Treatment Facility
  - To comply with the federal Safe Drinking Water Act
  - Minor upgrades completed; however, not in operation
  - Facility cannot meet standards of EPA and Department of Health
  - Water Resources Board estimated the costs to bring facility up to par would be $35.0 million
Article 8

- Shad Factory Pipeline
  - Major construction was completed in the 1990s
  - Small repairs have been completed over the years
  - Voters approved $5.0 million in bonds to complete the Shad Factory Pipeline
    - Requires relocation of pipe from wetland area to local road
    - WRB indicates that Town of Rehoboth has refused to issue the permit

- Shad Factory Pipeline
  - Language on the $5.0 million restricts the use of the funds to just the Shad Factory Pipeline
  - Absence of a permit, cannot proceed
  - Board indicates that funds will be used for maintenance, which could cost as much as $10.0 million
Article 8

- Bristol County & East Providence residents currently obtaining their water supply from Scituate Reservoir
  - Cross Bay Pipeline project, involved connection of 30-inch pipes, which are more than 200 feet below the Narragansett Bay
  - In the event of a leak, would be difficult to fix on a timely manner

Article 8

- Article proposes construction of water interconnections between:
  - Pawtucket Water Supply Board, East Providence Water Division, and Bristol County Water Authority
  - Contingent on $15.0 million proposed referendum for Water Facilities Assistance in Article 5 being approved
Article 8

- Project includes installation of 7 miles of 30-inch pipes from Pawtucket to East Providence and Bristol County
- Pawtucket completed major overhaul on its water facility in 2008
  - It has the capacity

Article 8

- Estimated total project cost is $27.0 million
  - $13.5 million would be paid from new bonds
  - Remaining half in proportions to be established by the WRB
  - The article takes effect upon passage
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