Governor’s FY 2019 Budget: Capital Issues and Requested Amendments

Staff Presentation to the House Finance Committee
May 23, 2018
Introduction

- Capital Budget
  - RICAP
    - Related amendments
  - Article 5 - GO Bond projects recap
  - Article 16 - Other debt recap
    - Related Amendments
- Other requested amendments
  - Vital records
  - Public rail
Capital

- FY 2019 – FY 2023
- $4.9 billion outlays
  - Average $975.2 million per year
  - $1,232.2 million from financing $3,643.9 million from current revenue
- $388.3 million in new GO and revenue bond debt approvals
Capital Budget Funding

Debt Funding, 25.3%

Pay-go, 74.7%
Assembly Role

- Appropriate pay-go (Articles 1 & 10)
- Approve General Obligation Bond referenda
  - Voters approve or reject
  - Debt service automatic
- Other Financing (Kushner)
  - Approve or reject resolution
  - Generally appropriate debt service
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
Funding Considerations

- State’s overall debt structure
  - Net tax supported debt would decrease by $120.9 million to $1,648.5 million
  - Had dropped to $1.3 billion in FY 2003 after use of tobacco bonds to defease debt
  - Past practice indicates it will be higher as more projects are added
Funding Considerations – Debt Ratios

- Debt as a percent of personal income would decrease from 3.2% in FY 2017 to 2.4% into FY 2023
- Likely to be higher based on projects being added
  - Does not assume any new referenda will go before voters in November 2020 or 2022
    - Same as last year but departure from past practice
## Funding Considerations – Debt Service

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net Tax Supported Debt Service*</th>
<th>Pct. of Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$219.7</td>
<td>5.7%</td>
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<tr>
<td>2019</td>
<td>$217.5</td>
<td>5.5%</td>
</tr>
<tr>
<td>2020</td>
<td>$246.4</td>
<td>6.1%</td>
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<tr>
<td>2021</td>
<td>$259.8</td>
<td>6.3%</td>
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<tr>
<td>2022</td>
<td>$248.7</td>
<td>5.9%</td>
</tr>
<tr>
<td>2023</td>
<td>$249.8</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

*$ in Millions
Debt Service as Percent of Useable Revenues

Current Debt Service  New Debt Service

FY 2018  FY 2019  FY 2020  FY 2021  FY 2022  FY 2023

0.0%  1.0%  2.0%  3.0%  4.0%  5.0%  6.0%  7.0%
Rhode Island Capital Plan Funds

- 1990 Assembly set up the “rainy day” fund to ensure adequate cash and budget reserves
- Voter referendum in November 1992
- Largest source of state funded pay-go
- State spending limited to 97.0% of general revenues
  - FY 2013 was end of 5-year move from 98.0%
Rhode Island Capital Plan Funds

- Remainder goes to Budget Stabilization & Cash Reserve Account
- When that reaches 5.0%, excess flows to the capital account
- Previously used mostly to pay debt
- Voters amended constitution in 2006 to limit use for projects only
- Dedication of pay-go sources to capital lessens need to issue debt
Rhode Island Capital Plan Funds

FY 2005: $0 in Projects, $30 in Debt Service
FY 2007: $30 in Projects, $30 in Debt Service
FY 2009: $10 in Projects
FY 2011: $120 in Projects
FY 2013: $100 in Projects
FY 2015: $100 in Projects
FY 2017: $100 in Projects
FY 2019: $220 in Projects
FY 2021: $120 in Projects
FY 2023: $100 in Projects

Legend:
- Blue: Projects
- Orange: Debt Service
Resources in the Fund have grown over time.

Being used for its intended purpose: lowering the state’s borrowing needs.

- Annual $27.2 million is being used in lieu of borrowing to match federal transportation funds.
$623.4 million for FY 2019 – FY 2023
Approximately $125 million annually
  ▪ 31% for Transportation
  ▪ 21% for Higher Education
$11.9 million in approved plan replaced with proposed GO bonds for “Green Economy” projects
  ▪ State Rec, Dam Repair, Fort Adams
Rhode Island Capital Plan Funds

- Improvements for state buildings
  - Courts, prisons, hospitals
- State facilities
  - Dams, piers, parks
- Designed to extend the life of facilities
  - Prevent the need for costly replacements
Rhode Island Capital Plan Funds

- Article 1 includes multi-year projects
- Funds automatically re-appropriate to allow for project continuity
- Timing and amounts often revised
- Each project is an appropriation limited to identified use
  - Asset protection projects allow for additional flexibility
Rhode Island Capital Plan Funds

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>FY 2017 Final</td>
<td>$161,678,166</td>
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<tr>
<td>FY 2017 Actual</td>
<td>118,568,191</td>
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<tr>
<td>Difference</td>
<td>$(43,112,975)</td>
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<td>FY 2018 Enacted</td>
<td>$180,408,445</td>
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<tr>
<td>FY 2018 Revised</td>
<td>212,363,453</td>
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<td>Difference</td>
<td>$31,955,008</td>
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### Rhode Island Capital Plan Funds

- **Governor's budget assumptions as submitted**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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<tbody>
<tr>
<td>Bal. Forward</td>
<td>$151.9</td>
<td>$53.8</td>
<td>$2.2</td>
<td>$(6.1)</td>
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<td>Budget Reserve</td>
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<td>116.7</td>
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<td>119.1</td>
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<td>Total Available</td>
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<td>$170.6</td>
<td>$119.0</td>
<td>$113.0</td>
<td>$116.7</td>
<td>$129.1</td>
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<td>Minus Projects</td>
<td>(212.4)</td>
<td>(168.3)</td>
<td>(125.2)</td>
<td>(118.8)</td>
<td>(111.3)</td>
<td>(99.8)</td>
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<td>Balance</td>
<td>$53.8</td>
<td>$2.2</td>
<td>$(6.1)</td>
<td>$(5.8)</td>
<td>$5.5</td>
<td>$29.3</td>
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Governor’s recommendation contains numerous revisions to prior spending plan
  - New projects
    - Some current year issues
  - Changes to funding plans, schedules, totals and mix of sources
New $14.0 million RICAP project
- $4.0 million for FY 2019 & FY 2020
- $6.0 million for FY 2021

To develop heavier shipping capacity for the ship building industries

Voters previously approved G.O. Bonds for infrastructure at Quonset

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>$ In Millions</td>
<td>$72.0</td>
<td>$48.0</td>
<td>$50.0</td>
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</table>
Quonset Industrial Park

- FY 2019: Utility relocation - $4.0 million
  - Water, gas, electricity, telephone, waste water & storm drainage
- FY 2020: Dredge - $4.0 million
  - Deep water channel from the international shipping lanes
    - Already permitted for October 2019
- FY 2021: Pier construction - $6.0 million
  - Interchange pier to facilitate movement from vessels
Electric Boat announced $700+ million expansion in May 2018
- Selected as prime contractor on Columbia Class submarines
  - Currently producing 2 Virginia Class subs annually
- Anticipates adding 1,300 jobs over 10 years
  - Median wage $60,000
- Commerce Corporation approved incentives
  - $2.0 million Rebuild RI Tax Credits
  - $18.0 million sales tax exemption
$15.7 million from RICAP funds for current BOE building to be used by Office of State Medical Examiners

- $0.5 million in FY 2018 for engineering work & asset protection projects
- Not previously appropriated

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
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<tbody>
<tr>
<td>Governor: RICAP</td>
<td>$510,000</td>
<td>$7,175,000</td>
<td>$8,000,000</td>
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</table>
Board of Elections Building

- Board of Elections operations staff would move to DOA
  - In space currently occupied by Contractors’ Registration & Licensing Board
  - CRLB would move to Warwick in same facility with Fire Marshal and State Building Code Commission – Gov. Article 3

- Timing issues
  - Move would have to be very soon or wait until after elections
Governor recommends $4.8 million

- Generators
  - $550,000 for FY 2018
- $3.5 million for new female dormitory outside of training school
  - Community placement
  - Not sited yet – Solicitation issued and due 5/30

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount (in millions)</th>
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<tbody>
<tr>
<td>2018</td>
<td>$0.6</td>
</tr>
<tr>
<td>2019</td>
<td>$1.9</td>
</tr>
<tr>
<td>2020</td>
<td>$1.7</td>
</tr>
<tr>
<td>2021-23</td>
<td>$0.6</td>
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</tbody>
</table>
Construction of new facility in 2010
- RIDE reports there have been security & functionality issues since new facility opened

Governor recommends $50,000 annually for new asset protection project
- Repair keyless locking system
- Improve emergency television alert system
- Improve camera security system
- Update teaching kitchen
$4.0 million from RICAP to replicate public-private model being used at Westerly Center in northern RI

- RICAP would be used over FY 2019 & FY 2020
- Northern RI chosen as location based on interest from CVS, Amica & AAA
  - Intent is for anchor tenants & other private support to pay 50% of total cost
### Higher Education Center

- $2.0 million from general revenues in FY 2017 & FY 2018 as part of lease agreement
- $2.0 million from RICAP to outfit facility
- GO bonds for brownfield remediation

<table>
<thead>
<tr>
<th>Westerly Higher Education Center</th>
<th>Amount</th>
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<td>Royce Family Fund</td>
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<td>Washington Trust</td>
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<td>Westerly Comm. Credit Union</td>
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<td>Roberts Foundation</td>
<td>0.1</td>
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<tr>
<td>Town of Westerly</td>
<td>0.3</td>
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<tr>
<td>State Brownfield Grant-DEM</td>
<td>0.7</td>
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<tr>
<td>Other Private</td>
<td>0.0</td>
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<tr>
<td>General Revenues</td>
<td>2.0</td>
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<tr>
<td>RICAP</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7.0</strong></td>
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</table>
URI Fine Arts Center

- URI request: $68.7 million from RICAP & $4.5 million from private funding
  - Enacted budget includes $1.0 million from RICAP for initial work
- Governor: $12.0 million from RICAP
  - $56.7 million less than requested
    - Intended to fund first phase of HVAC system replacements and exterior envelope repairs
  - URI has indicated that programming of funding would not allow project to move forward
### URI Fine Arts Center

<table>
<thead>
<tr>
<th>5-Year</th>
<th>URI</th>
<th>Source</th>
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</thead>
<tbody>
<tr>
<td>2007 - 2011</td>
<td>$42.8</td>
<td>GO Bonds</td>
</tr>
<tr>
<td>2008 - 2012</td>
<td>$42.3</td>
<td>GO</td>
</tr>
<tr>
<td>2009 – 2013</td>
<td>$64.9</td>
<td>GO &amp; RICAP</td>
</tr>
<tr>
<td>2010 – 2014</td>
<td>$65.5</td>
<td>GO &amp; RICAP</td>
</tr>
<tr>
<td>2011 – 2015</td>
<td>$65.5</td>
<td>RICAP</td>
</tr>
<tr>
<td>2012 – 2016</td>
<td>$65.4</td>
<td>GO &amp; RICAP</td>
</tr>
<tr>
<td>2013 – 2017</td>
<td>$65.4</td>
<td>GO &amp; RICAP</td>
</tr>
<tr>
<td>2014 – 2018</td>
<td>$66.6</td>
<td>GO &amp; RICAP</td>
</tr>
<tr>
<td>2015 – 2019</td>
<td>$74.1</td>
<td>GO &amp; RICAP</td>
</tr>
<tr>
<td>2016 – 2020</td>
<td>$84.2</td>
<td>GO &amp; RICAP</td>
</tr>
<tr>
<td>2017 – 2021</td>
<td>$71.5</td>
<td>GO &amp; RICAP</td>
</tr>
<tr>
<td>2018 - 2022</td>
<td>$68.7</td>
<td>RICAP &amp; Private</td>
</tr>
</tbody>
</table>

- 5-Year plans assumed project would go on ballot in later years
- Replaced with planning money
- Then RICAP
Governor requested amendment to advance all funding to FY 2019 & FY 2020
- $6.4 million for FY 2019 & $4.6 million for FY 2020
- Total remains the same
- Still intended to only fund first phase of work
Correctional Facilities Study - $1.1 million

- FY 2018 - study inmate classifications & facility building designs
- $0.9 million more than approved plan based on bid proposals received
- DOA was lead on RFP process and approved bid proposal
High Security Renovations - $1.0 million

New project recommended for FY 2019

- Improve operating efficiencies through module combination & other renovations
- Linked to proposal to save $1.5 million in overtime savings in FY 2019
Department of Corrections

- Medium Infrastructure - $31.6 million
  - Kitchen, dining, laundry, admin & shift command areas, parking lot, roof, HVAC
  - $3.4 million more than DOC requested
    - To reflect cost escalation with Governor’s shift of funding to later years
- Project has been delayed multiple times
  - Consistent issue with movement of DOC projects
EMA requests $8.3 million to refurbish state-owned building in Warwick
- Would retain current space in Command Readiness Center as alternate SEOC

Approved plan assumes portion of CRC would be transferred to EMA
- RI National Guard moving its personnel to new Joint Force Headquarters Building

Governor includes $0.2 million from RICAP funds for feasibility study only
Local Roads & Infrastructure

- DOT requested $120 million from RICAP as part of 10-yr. plan
  - Pavement repair, resurfacing & crack sealing
  - Other transportation asset protection
- Governor includes $10.0 million
  - FY 2019 only
    - $3.5 million intended for 2 local projects
      - Tar Bridge and Hawkins Street Bridge
    - Remaining $6.5 million planned to be used for state paving projects
**Local Roads & Infrastructure**

- DOT indicates that combining Tar and Hawkins St. Bridges creates efficiencies and cost savings
  - Streamlines coordination with state projects
  - Providence share anticipated to be $1.5 million
- Request for RICAP is to avoid displacement of other DOT bridge projects
Middletown Armory Land Transfer
- GBA adds $700,000 from RICAP in FY 2018 to purchase over 6 acres of land adjacent to armory
  - Approval required from FAA, RIAC, and DOT
- Land purchase requires state funds
- Once land is transferred, National Guard Bureau will provide $2.9 million to construct additional armory & storage space
RICAP Amendment Request

- Temporary parking during construction of new Garrahy Courthouse garage
  - I-195 Redevelopment Commission land
  - $600,000 for FY 2018
- Fort Adams Sailing Improvements
  - $180,000 more for $2.0 million total in FY 2018
Defense Economy Community Reinvestment Program

- $300,000 in FY 2019
  - To study legal issues, perform hydraulic capacity & condition assessments of infrastructure
  - To support efforts on Aquidneck Island for potential transfer of Navy infrastructure to local governments and/or public & private entities

Appropriateness of RICAP not apparent

- Prior similar recommendation for $200,000 from general revenues not enacted
# New Requested Debt – GO November 2018

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
<th>Annual Debt</th>
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<tbody>
<tr>
<td>Rhode Island School Buildings</td>
<td>$250.0</td>
<td>$20.7</td>
</tr>
<tr>
<td>URI Narragansett Bay Campus</td>
<td>45.0</td>
<td>3.6</td>
</tr>
<tr>
<td>RIC Horace Mann Hall</td>
<td>25.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Green Economy &amp; Clean Water</td>
<td>48.5</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$368.5</strong></td>
<td><strong>$30.2</strong></td>
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</tbody>
</table>

Assumes 5% rate and 20 year term

Data in millions
Proposes $250.0 million of general obligation bonds be submitted to voters on November ballot

- Supports school construction and renovation projects
- Funding to be disbursed over 5 years
- No more than $100 million could be issued in any year
Article 5, Question 1

- Capital budget assumes $50 million annually for 5 years
- Task Force recommended $500 million total, $250 million each 2018 and 2022
  - Budget documents are silent on a second ballot measure
  - No referenda for any project beyond 2018
Article 5, Question 2

- URI Narragansett Bay Campus
  - $45.0 million for the 1st phase of a comprehensive renewal of the campus
    - Based on planning study done in FY 2016
  - Renovate or replace buildings, laboratories, & infrastructure
  - Improvements to waterfront research vessel dock, roadways, & walkways
  - Request included $85.0 million
Article 5, Question 2

- URI Narragansett Bay Campus
  - Annual debt service - $3.6 million
    - Total cost - $73.5 million
      - Assuming 5% and 20-year term
      - Supported by general revenues
  - Called “initial” phase but no additional phases contemplated in Governor’s five year plan
Article 5, Question 2

- RIC Horace Mann Hall
  - $25.0 million to renovate Hall
    - Part of the College’s Academic Building Renovations Phase II
  - Request for $45.0 million for new student services building, campus roadway & walkway improvements, & Horace Mann Hall
  - Voters approved $50.0 million in November 2012 for phase I
    - Renovation of Craig Lee, Gaige, Fogarty Life Sciences Building, repurposing of Adams Library
Article 5, Question 2

- RIC Horace Mann Hall
  - Annual debt service - $2.0 million
    - Total cost - $40.9 million
    - Assuming 5% and 20-year term
    - Supported by general revenues
Green Economy and Clean Water Bond

- $48.5 million for ten different projects
  - Nine are for the DEM, two are new
  - One is for the Infrastructure Bank
- Invest in recreational and economic facilities
- Adapt to changing weather conditions
  - Protect coastline, dams, and drinking water
- Support small farmers
- Protect open space and clean up contaminated brownfields
### Article 5, Question 3

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Amount</th>
<th>Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal Resiliency &amp; Public Access</td>
<td>$5.0</td>
<td>$0.4</td>
</tr>
<tr>
<td>Capital for Clean Water and Drinking Water</td>
<td>6.1</td>
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</tr>
<tr>
<td>Wastewater Treatment Facility Improvements</td>
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<td>0.4</td>
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<tr>
<td>Dam Safety</td>
<td>4.4</td>
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<tr>
<td>State Recreation Projects Program</td>
<td>10.0</td>
<td>0.7</td>
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<tr>
<td>State Bikeway Development Program</td>
<td>5.0</td>
<td>0.4</td>
</tr>
<tr>
<td>Brownfield Remediation &amp; Development</td>
<td>4.0</td>
<td>0.3</td>
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<tr>
<td>Local Recreation Projects</td>
<td>5.0</td>
<td>0.4</td>
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<tr>
<td>Access to Farmland</td>
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<tr>
<td>Local Open Space</td>
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<td>0.2</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$48.5</strong></td>
<td><strong>$3.9</strong></td>
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$ in millions
2016 voters approved $35.0 million of Green Economy bonds:

<table>
<thead>
<tr>
<th>Green Economy Projects - 2016</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Historic State Park Development</td>
<td>$4.0</td>
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<td>Brownfields Remediation</td>
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<tr>
<td>Local Rec. Development Grants</td>
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<tr>
<td>Local Open Space</td>
<td>4.0</td>
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<tr>
<td>State Bikeway Development</td>
<td>10.0</td>
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<tr>
<td>Stormwater Pollution Prevention</td>
<td>3.0</td>
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<td><strong>Total</strong></td>
<td><strong>$35.0</strong></td>
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## Article 5, Question 3

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<tbody>
<tr>
<td>State Recreation/Historic Parks - 2016</td>
<td>$4.0</td>
<td>$1.5</td>
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<td>State Bikeways - 2016</td>
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<tr>
<td>Brownfields - 2014/2016</td>
<td>10.0</td>
<td>2.6</td>
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<tr>
<td>Local Recreation Projects - 2016</td>
<td>5.0</td>
<td>-</td>
</tr>
<tr>
<td>Access to Farmland - 2012/2014</td>
<td>7.5</td>
<td>1.6</td>
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<tr>
<td>Local Open Space – 2012/2016</td>
<td>4.5</td>
<td>0.2</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$41.0</strong></td>
<td><strong>$5.9</strong></td>
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</table>

$ in millions
Dam Safety - $4.4 million

- Funds would be used for the repair of “high hazard” state owned dams at various recreational and management areas operated by DEM
- Supplants $4.8 million of previously approved RICAP funds
- $350,000 less over same period

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Total</th>
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<tbody>
<tr>
<td>Approved RICAP</td>
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<td>$1.25</td>
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<td>$7.1</td>
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<td>RICAP</td>
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<tr>
<td>Bond</td>
<td>$ -</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
<td>4.4</td>
</tr>
<tr>
<td>Total</td>
<td>$3.7</td>
<td>$1.6</td>
<td>$2.0</td>
<td>$2.0</td>
<td>$2.0</td>
<td>$6.8</td>
</tr>
</tbody>
</table>
Article 5, Question 3

- **State Recreational Facilities**
  - $8.5 million of $10.0 million is for this project in Governor’s Capital Plan through post 2023
  - Replaces $6.0 million approved through FY 2022
    - Comparable funding until post - FY 2023

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>Post 2023</th>
<th>Total</th>
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<tbody>
<tr>
<td>Aprv. RICAP</td>
<td>$3.7</td>
<td>$1.6</td>
<td>$1.9</td>
<td>$2.1</td>
<td>$2.0</td>
<td>$ -</td>
<td>$ -</td>
<td>$11.3</td>
</tr>
<tr>
<td>Governor</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>RICAP</td>
<td>$3.7</td>
<td>$1.6</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$5.3</td>
</tr>
<tr>
<td>Bond</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Total</td>
<td>$3.7</td>
<td>$1.6</td>
<td>$2.0</td>
<td>$2.0</td>
<td>$2.0</td>
<td>$2.0</td>
<td>$0.5</td>
<td>$13.8</td>
</tr>
</tbody>
</table>
Article 5, Question 3

- **Fort Adams**
  - $1.5 million of $10.0 million is for this project in Governor’s Capital Plan through 2023
  - Replaces $1.2 million approved through FY 2022
    - Comparable funding annually

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Approved RICAP</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$ -</td>
<td>$1.5</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RICAP</td>
<td>$0.3</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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<tr>
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<td>0.3</td>
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<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>1.5</td>
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<tr>
<td><strong>Total</strong></td>
<td>$0.3</td>
<td>$0.3</td>
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<td>$0.3</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$1.8</td>
</tr>
</tbody>
</table>
Article 16 – Debt Management Act Joint Resolution

- Enacted in 1994
- Subsequently amended to increase Assembly’s approval role
- Ensures that debt with a state tie was not issued without legislative review
- Result of Commission chaired by Rep. Linda Kushner
Article 16 – Debt Management Act Joint Resolution

- Public Debt Management Act
- Certain quasi-public agencies are exempt:
  - Infrastructure Bank
  - Rhode Island Housing & Mortgage Finance Corporation
  - Rhode Island Health & Educational Building Corporation
### Article 16 – Debt Management Act Joint Resolution

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
<th>Annual Debt</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>URI Repaving, Hardscape, Landscape</td>
<td>$11.0</td>
<td>$0.9</td>
<td>Gen. Rev., tuition, fees</td>
</tr>
<tr>
<td>URI Utility Infrastructure Phase I</td>
<td>6.5</td>
<td>0.5</td>
<td>Gen. Rev., tuition, fees</td>
</tr>
<tr>
<td>URI Fire Safety Auxiliary Phase II</td>
<td>2.3</td>
<td>0.2</td>
<td>Fees</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$19.8</strong></td>
<td><strong>$1.6</strong></td>
<td></td>
</tr>
</tbody>
</table>

Assumes 5% rate and 20 year term

$ in millions
New Article: Convention Center Authority

- Authorizes Convention Center Authority to borrow $4.3 million from Infrastructure Bank’s Energy Efficiency Fund
- Total project cost of $5.0 million
  - $0.7 million rebate from National Grid
  - 10 energy efficiency improvement projects
    - Convention Center and Dunkin Donuts Center
    - All projects to be done within 1 year
    - Expected to decrease energy consumption by 29%
2015 Assembly created Energy Efficient Buildings Fund
- Seeded with unused federal stimulus & Regional Greenhouse Gas Initiative proceeds
- To provide technical, funding and administrative support to public entities
- To make energy efficient and renewable energy upgrades
  - Public buildings and infrastructure
Financing assumptions:
- Interest rate of 4.0% and 11 years
  - $0.5 million in annual debt service
  - Energy & maintenance savings expected to meet or exceed
- $0.1 million for cost of issuance

Terms of lease between state & Authority
- In the event Authority is running an operating deficit and cannot cover annual debt service payment, state covers shortfall
**New Article: Convention Center Authority**

<table>
<thead>
<tr>
<th>Terms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>$4.3</td>
</tr>
<tr>
<td>Interest*</td>
<td>0.7</td>
</tr>
<tr>
<td>Cost of Issuance</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$5.1</strong></td>
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</tbody>
</table>

*assumes 4% rate and a 11 year term

$ in millions
## New Article: Convention Center Authority

- **State support**
  - RICAP for asset protection projects
  - General revenues for debt service

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>RICAP</td>
<td>$1.0</td>
<td>$1.0</td>
<td>$1.0</td>
<td>$1.0</td>
<td>$1.0</td>
</tr>
<tr>
<td>Debt Service</td>
<td>21.4</td>
<td>24.5</td>
<td>26.0</td>
<td>26.0</td>
<td>24.3</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$22.4</strong></td>
<td><strong>$25.5</strong></td>
<td><strong>$27.0</strong></td>
<td><strong>$27.0</strong></td>
<td><strong>$25.3</strong></td>
</tr>
</tbody>
</table>

$ in Millions
New Article: Eleanor Slater Hospital Reorganization

- Authorizes the state to borrow $22.0 million to finance a portion of $49.9 million project
  - Project costs increased substantially
  - $27.9 million from RICAP funds
- Repairs needed to meet Jt. Commission on Accreditation of Healthcare Organizations (JCAHO) requirements
  - Hospital has full accreditation until 9/2020
Governor’s budget as submitted recommends $23.8 million from RICAP

- $7.9 million in FY 2018, $11.8 million in FY 2019 and $4.1 million in FY 2020
- Reorganize hospital operations for BHDDH
- Renovations
  - Roosevelt Benton
  - Regan
## New Article: Eleanor Slater Hospital Reorganization

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gov. Original</td>
<td>$7.9</td>
<td>$11.8</td>
<td>$4.1</td>
<td>-</td>
<td>$23.8</td>
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<td>RICAP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RICAP</td>
<td>$7.9</td>
<td>$ -</td>
<td>$16.0</td>
<td>$4.0</td>
<td>$27.9</td>
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<tr>
<td>COPS</td>
<td>-</td>
<td>22.0</td>
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<td>-</td>
<td>22.0</td>
</tr>
<tr>
<td>Total</td>
<td>$7.9</td>
<td>$22.0</td>
<td>$16.0</td>
<td>$4.0</td>
<td>$49.9</td>
</tr>
</tbody>
</table>

Annual debt service - $2.1 million assumes 5% rate & 15 year term

$ in millions
# New Article: Eleanor Slater Hospital Reorganization

<table>
<thead>
<tr>
<th>Terms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>$22.0</td>
</tr>
<tr>
<td>Interest*</td>
<td>10.9</td>
</tr>
<tr>
<td>RICAP</td>
<td>27.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$60.8</strong></td>
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</table>

*assumes 5% rate and a 15 year term

$ in millions
New Article: Eleanor Slater Hospital Reorganization

- Multiple versions of this project over past decade
- Different combinations of new and reused space

<table>
<thead>
<tr>
<th>5-Year Plan</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2019 – FY 2023 GBA</td>
<td>$49.9</td>
</tr>
<tr>
<td>FY 2019 – FY 2023</td>
<td>$23.8</td>
</tr>
<tr>
<td>FY 2018 – FY 2022</td>
<td>$5.7</td>
</tr>
<tr>
<td>FY 2017 – FY 2021</td>
<td>$1.0</td>
</tr>
<tr>
<td>FY 2016 – FY 2020</td>
<td>$3.2</td>
</tr>
<tr>
<td>FY 2015 – FY 2019</td>
<td>$22.9</td>
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<tr>
<td>FY 2014 – FY 2018</td>
<td>$38.4</td>
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<tr>
<td>FY 2013 – FY 2017</td>
<td>$36.1</td>
</tr>
<tr>
<td>FY 2012 – FY 2016</td>
<td>$28.2</td>
</tr>
<tr>
<td>FY 2011 – FY 2015</td>
<td>$29.0</td>
</tr>
</tbody>
</table>
New Article: Eleanor Slater Hospital Reorganization

- FY 2011 - $29.0 million
  - To downsize from 5 buildings to 3
- FY 2012 - $28.2 million
  - Consolidation plan
- FY 2013 - $36.1 million
  - New building & demolish Varley building
- FY 2014 - 38.4 million
  - New 81k sq. foot building with 150 beds
New Article: Eleanor Slater Hospital Reorganization

FY 2015
- Assembly approved $22.9 million for new 94K sq. foot, 140-bed psychiatric hospital
- Late in budget process, BHDDH change order increased costs to $57.6 million

FY 2016
- BHDDH requested $60.0 million
- Governor did not recommend request pending study of needs of the hospital
- Included only prior spending on the project
New Article: Eleanor Slater Hospital Reorganization

- **FY 2017**
  - BHDDH requested $12.5 million
  - Gov./Final budget includes $1.0 million for feasibility study

- **FY 2018**
  - Feasibility study not pursued
  - BHDDH requested $21.0 million
    - Budget includes $5.7 million for repairs to Regan and Benton facilities
### New Article: Eleanor Slater Hospital Reorganization

<table>
<thead>
<tr>
<th>Building</th>
<th>Pre-Reorg:</th>
<th>Post-Reorg:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Units</td>
<td>Patients</td>
</tr>
<tr>
<td>Regan</td>
<td>2</td>
<td>46</td>
</tr>
<tr>
<td>Meyer</td>
<td>5</td>
<td>63</td>
</tr>
<tr>
<td>Pinel</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>Benton</td>
<td>Training School</td>
<td>2</td>
</tr>
<tr>
<td>Zambarano</td>
<td>6</td>
<td>91</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14</td>
<td>220</td>
</tr>
</tbody>
</table>
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
Other Requested Amendments

- Article 7: Vital Records
  - Requested on April 20
- New Article: Public Rail
  - Requested on April 10
Article 7 – Vital Records

- Authorizes chief of Office of Vital Records to assess surcharges
  - Certified copies of: birth, fetal death and marriage
  - Surcharges not to exceed:
    - $5.00 for mail-in
    - $3.00 for duplicate
    - $2.00 for walk-in at municipal halls or Department of Health
**Article 7 – Vital Records**

<table>
<thead>
<tr>
<th>Vital Records</th>
<th>Current Fees</th>
<th>Max. add-on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate of: birth, fetal death, and marriage</td>
<td>$20.00</td>
<td>$5.00</td>
</tr>
<tr>
<td>Duplicate of certificate</td>
<td>$15.00</td>
<td>$3.00</td>
</tr>
</tbody>
</table>

- Surcharges estimated to generate $0.6 million annually for IT Investment Fund
  - Reimburse costs for implementation of an Electronic Statewide Registration System
  - Then receipts go to general revenues
Article 7 – Vital Records

- Electronic Statewide Registration System
  - Estimated project costs $1.7 million
- Current system is paper based
- Annual Records
  - 9,000 deaths
  - 750 fetal deaths
  - 5,500 induced terminations of pregnancy
  - 6,500 for marriage
New Article: RI Public Rail Corporation

- National Railroad Passenger Corp. (AMTRAK)
  - Requires state to fully indemnify it for use of its rights-of-way
- 2010 Assembly adopted resolution
  - Allowed DOT through Rail Corporation to obtain $200 million liability insurance
    - For all commuter rail operations
  - State obtained self-insured retention policy of $7.5 million
New Article: RI Public Rail Corporation

- Article increases liability insurance policy from $200 million to $295 million
  - Comply with federal requirements
- Clarifies deductible remains no more than $7.5 million
- Amends 2010 resolution to remove geographic limitation
  - Essentially extends indemnification to include Pawtucket/Central Falls Train Station Project
Pawtucket/Central Falls Train Station

- Since 2001, Pawtucket Foundation has investigated potential for a multi-modal transportation center
- Approved plan includes $40.0 million
  - Including $31.1 million from federal funds
- Pawtucket/Central Falls – connecting to Providence and Boston
- Infrastructure: 2 platforms, pedestrian overpass, bus drop-off access & parking
  - Scheduled completion date – Dec. 2020
Governor’s FY 2019 Budget: Capital

Staff Presentation to the House Finance Committee
May 23, 2018