Governor’s FY 2020 Budget: Articles

Staff Presentation to the House Finance Committee
June 5, 2019
Joint Resolution requesting General Assembly approval for the state to enter into 6 long-term property leases

- Department of Transportation
- Department of Corrections
- Department of Human Services
  - 2 leases
- Board of Elections
- Office of Postsecondary Commissioner
State Leases

- RIGL 37-6-2 requires departments to obtain legislative approval before entering into:
  - Leases that are five years or longer and in excess of $0.5 million
- Requirement adopted by 2006 Assembly
State Leases

- Required information
  - Purpose of the lease or rental agreement
  - Current lease or rental costs
    - Expiration date of any present agreement
  - Range of costs of new agreement
    - Proposed term
    - Location and owner of the desired property
State Leases

Efficiency Commission noted 33 leases
- 12 with an expiration date in FY 2019
  - 4 have expired
    - 2 that did not need Assembly approval have been renewed
    - 1 exercised extension per current lease
    - 1 is seeking approval in this article (DOC)
- 5 expire in FY 2020

All current leases total $11.2 million annually
- Range from $1 to $2.4 million
## New Article – State Leases

<table>
<thead>
<tr>
<th>Agency</th>
<th>Location</th>
<th>Square Ft.*</th>
<th>Term/Years</th>
<th>Total Cost*</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOT</td>
<td>288 Allens - Prov.</td>
<td>30,000</td>
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<tr>
<td>DOC</td>
<td>249 Roosevelt - Pawt.</td>
<td>4,200</td>
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<tr>
<td>DHS</td>
<td>TBD, Providence</td>
<td>32,000</td>
<td>10</td>
<td>9.0</td>
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<tr>
<td>OPC</td>
<td>TBD, Woonsocket</td>
<td>19,000</td>
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<td>3.2</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$24.9</strong></td>
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</tbody>
</table>

$ in millions; * max value used
Agency goes through RFP process
State Properties approves request from agency
Assembly approval (if required)
State Properties executes lease
## New Article – State Leases

<table>
<thead>
<tr>
<th>Agency</th>
<th>Location</th>
<th>State Properties Initial Approval</th>
</tr>
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<tbody>
<tr>
<td>DOT</td>
<td>288 Allens - Prov.</td>
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<tr>
<td>DOC</td>
<td>249 Roosevelt - Pawt.</td>
<td>April 18, 2019</td>
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<td>DHS</td>
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<td>December 4, 2018</td>
</tr>
<tr>
<td>OPC</td>
<td>TBD, Woonsocket</td>
<td></td>
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</tbody>
</table>
DOT entered into short-term lease March 2017

- House vehicles & equipment
- Property located at 288 Allens Avenue in Providence
  - 6-months with 4 six-month options to renew
  - Expenditures were $233,584 for FY 2017 & $529,127 for FY 2018
- Current lease expires September 30, 2019
New Article – Section 2

- New Article authorizes DOT to enter into a long-term lease agreement at same location
  - 5 year term
  - Total cost over term is $3.0 million
    - Annual cost of $0.6 million
- Governor’s FY 2020 budget includes $0.6 million from gas tax proceeds for lease payment
Department of Corrections

- Probation/Parole Services
  - 249 Roosevelt Avenue, Pawtucket
  - Current lease expires June 30, 2019

- Lease Renewal for same space
  - 5 yr. term for 4,200 square feet
  - Total amount not to exceed $520,000
  - FY 2020 budget includes $98,000
Department of Human Services
- DHS Field office
  - 249 Roosevelt Avenue, Pawtucket
  - Current lease expires on June 30, 2019
- FY 2020 budget includes $0.5 million
  - $0.2 million general revenues

Lease renewal
- 5 yr. term for 24,400 square feet
- Total amount anticipated to range between $2.4 million & $2.7 million
Board of Elections

- Current location
  - Offices and some storage at 50 Branch Ave
  - Majority of voting equipment stored in Armory

Governor agreed with Efficiency Commission recommendation to sell Branch Ave location

- Current location requires “significant capital investment” over next five years
Board of Elections

- Proposed lease - 10 yr. term for 65,000 square feet
- Location on Plainfield Pike in Cranston
- Total amount anticipated to range between $6.0 million and $6.5 million
Board of Elections

- Original FY 2020 budget recommendation did not contemplate a lease
- Governor requested amendment on May 23 to add $0.3 million for FY 2020
  - $0.4 million for prorated 8 months of rent
    - Assumes November start
  - Offset by $0.1 million in savings for facilities management
Department of Human Services

- Field office & back-office operation
- 206 Elmwood Avenue, Providence
- Lease expired on May 31, 2019
  - Currently paying on a month-to-month basis
FY 2020 budget: $1.9 million from all sources, $0.9 million general revenues

- Assumes savings of $0.3 million ($0.2M GR) from moving by Jan 1
- DHS would move field staff into 2 smaller offices, back-office staff to another location
Governor recommends Efficiency Commission proposal to move back-office staff to Pastore Complex

- Estimates savings of $0.7 million from all sources (GR $0.3M)

Lease Renewal for Field Staff

- 10 yr. term for 30,000 to 32,000 square feet
- Total amount anticipated to range between $7.5 million and $9.0 million
- Currently reviewing results from RFP process
<table>
<thead>
<tr>
<th>Providence Field Office</th>
<th>Yearly Cost</th>
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<tbody>
<tr>
<td>FY 2019 enacted</td>
<td>$2.2</td>
</tr>
<tr>
<td>FY 2020 Gov. - Negotiate new lease</td>
<td>(0.3)</td>
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<tr>
<td>Efficiency Commission - Move back-office staff to Pastore Campus</td>
<td>(0.8)</td>
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<tr>
<td><strong>Total savings</strong></td>
<td><strong>$(1.1)</strong>*</td>
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<tr>
<td>General revenue share</td>
<td><strong>$(0.5)</strong>*</td>
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</table>

$ in millions
2018 Assembly authorized $4.0 million from RICAP over FY 2019 and FY 2020 to replicate Westerly Center in Northern RI
Governor’s FY 2020 budget
- $0.1 million from restricted receipts & 1.0 FTE
  - Operations & facility manager
4 sites in Woonsocket were reviewed
- Negotiations for 1 site ongoing
  - Progress unclear
Authorizes 10 year lease for 19,000 square feet of space
  - City of Woonsocket
    - Exact site not identified
- Annual rent = $323,000
  - Total cost of $3.2 million
- Also need approval of State Properties & Council on Postsecondary Education
# New Article – State Leases

<table>
<thead>
<tr>
<th>All Sources</th>
<th>FY 2019 Enacted</th>
<th>FY 2020 Governor</th>
<th>New Article</th>
</tr>
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<tbody>
<tr>
<td>DOT - 288 Allens - Prov.</td>
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<td>$0.6</td>
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<td>DOC - 249 Roosevelt - Pawt.</td>
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<td>BOE - 2000 Plainfield - Cranston</td>
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<td>DHS - TBD, Providence</td>
<td>2.2</td>
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<td>OPC - TBD, Woonsocket</td>
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<td>0.3</td>
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<tr>
<td><strong>Total All Sources</strong></td>
<td><strong>$3.2</strong></td>
<td><strong>$3.0</strong></td>
<td><strong>$2.9</strong></td>
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$ in millions
## General Revenues

<table>
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<th>FY 2019 Enacted</th>
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<th>New Article</th>
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<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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<tr>
<td>DOC - 249 Roosevelt - Pawt.</td>
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<tr>
<td>DHS - 249 Roosevelt – Pawt.</td>
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<td>BOE - 2000 Plainfield - Cranston</td>
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<tr>
<td>DHS - TBD, Providence</td>
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<tr>
<td>OPC - TBD, Woonsocket*</td>
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<td><strong>$1.3</strong></td>
<td><strong>$1.5</strong></td>
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$ in millions, *source unclear