MEMORANDUM

To: The Honorable Marvin L. Abney
   Chairman, House Finance Committee

   The Honorable William J. Conley, Jr.
   Chairman, Senate Finance Committee

From: Thomas A. Mullaney
   Executive Director/State Budget Officer

Date: July 27, 2020

Subject: Amendment to Article 4 – Relating to Debt Management Act Joint Resolutions (20-H-7171)

The Governor requests that Article 4 entitled “Relating to Debt Management Act Joint Resolutions” be replaced with the attached version. The modifications to the original version of the article are denoted by shading.

Within the attached amendment, the Governor requests:

- A reduction of $16.0 million for the Enterprise Resource Planning System funding.
- The withdrawal of her request for an additional $12.0 million for the Eleanor Slater Hospital renovation project.
- A $24,245,000 reduction of the Department of Transportation (DOT) Motor Fuel Tax issuance request, based upon the projected decrease in gas tax revenue, which decreases the amount of debt that can be issued because of coverage requirements.

If you have any questions regarding this amendment, please feel free to call me at 222-6300.

TAM: 21-Amend-12

cc: Sharon Reynolds Ferland, House Fiscal Advisor
    Stephen Whitney, Senate Fiscal Advisor
    Jonathan Womer, Director, Office of Management and Budget
ARTICLE 4

RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS

SECTION 1. This article shall serve as joint resolution required pursuant to Rhode Island General Law § 35-18-1, et seq. and propose legislation related thereto.

SECTION 2. Enterprise Resource Planning Information Technology Improvements

WHEREAS, The funds generated from the sale of State property to be deposited into the information technology investment fund will be insufficient to fund the Enterprise Resource Planning system and application upgrades that are required and anticipated by the State in the immediate future; and

WHEREAS, The projects which make up the Enterprise Resource Planning System and are not able to be financed through the information technology investment fund include, but are not limited to: department of administration statewide human resources, payroll, and grants management, and financial information software applications; and

WHEREAS, Modernizing the existing enterprise software applications will greatly reduce risk and increase security, enable new capabilities, and address significant repeat audit findings from the office of the auditor general; and

WHEREAS, The total project costs associated with these information technology improvements are estimated to be seventy-three million seven hundred thousand dollars ($73,700,000) fifty-one million six hundred thousand dollars ($51,600,000). Of those project costs, eighteen million nine hundred thousand dollars ($18,900,000) twelve million eight hundred thousand dollars ($12,800,000) will be financed from the information technology internal service fund. The balance of fifty-four million eight hundred thousand dollars ($54,800,000) thirty-eight million eight hundred thousand dollars ($38,800,000) may be financed through certificates of participation with a term of seven (7) years. may be financed through two series of certificates of participation. Thirty-six million three hundred thousand dollars ($36,300,000) may be issued in fiscal year 2021 with a term of seven (7) years, and eighteen million five hundred thousand dollars ($18,500,000)
may be issued in fiscal year 2023 with a term of seven (7) years. Total debt service on the bonds
is not expected to exceed sixty-one million dollars ($61,000,000) forty-three million two hundred
thousand dollars in the aggregate based on an estimated average interest rate of two and seventy
five hundredths percent (2.75%); now, therefore be it

RESOLVED, That this general assembly hereby approves financing in an amount not to exceed fifty-four million eight hundred thousand dollars ($54,800,000) thirty-eight million eight hundred thousand dollars ($38,800,000) for the provision of information technology
improvements, which includes costs of financing; and be it further

RESOLVED, That this joint resolution shall take effect immediately upon its passage by
the General Assembly.

SECTION 3. DCYF Child Welfare Information System Replacement

WHEREAS, The Rhode Island department of children, youth, and families is a
department of the State of Rhode Island, exercising public and essential governmental functions
of the State, created by the General Assembly pursuant to chapter 72 of title 42; and

WHEREAS, A new Statewide Automated Child Welfare Information System would be a
comprehensive, automated case management tool that supports child welfare practice. This
information system would be a complete, current accurate and unified case management history
of all children and families served by Rhode Island’s Title IV-E. Such modern systems allow
child welfare agencies to respond more adeptly to changes in standards and practices, as well as
provide advanced analytics and data to ensure that children in care are kept safe; and

WHEREAS, The current department of children, youth, and families Child Welfare
Information System (RICHIST) is over twenty two (22) years old and relies on dated technology
(Sybase with PowerBuilder). The system has been highly customized over the years and is difficult
to maintain. This technology, as set up today, impedes current child welfare practice through its
lack of configurability, lack of mobile access for workers in the field, and lack of access to real-
time information when making decisions impacting child placement and services. The system is
currently on premise supported by a vendor. This dated technology also makes it difficult to acquire appropriate technical support to work on the system.); and

WHEREAS, The project costs associated with the replacement of RICHIST are estimated to be twenty-eight million dollars ($28,000,000) and implementation costs would be shared by the federal government at forty percent (40%) begin in fiscal year 2021.

WHEREAS, The total payments on the State’s obligation over ten (10) years on the state’s share of seventeen million dollars ($17,000,000) issuance are projected to be nineteen million seven hundred thousand dollars ($19,700,000), assuming an estimated average interest rate of two and seventy five hundredths percent (2.75%). The payments would be financed within the department of administration from general revenue appropriations; and

WHEREAS, The department of children, youth, and families will be able to leverage federal funding available to pay for forty percent (40%) of the system implementation costs during development; now, therefore be it

RESOLVED, That this general assembly hereby approves financing in an amount not to exceed seventeen million dollars ($17,000,000) for the provision of replacing the department of children, youth, and families child welfare information system, including costs of financing; and be it further

RESOLVED, That this joint resolution shall take effect immediately upon its passage by the General Assembly.

SECTION 4. Eleanor Slater Hospital Project-Regan Building Renovation

WHEREAS, The Eleanor Slater Hospital (“Hospital”) provides long-term care for approximately two hundred twenty (220) individuals with complex psychiatric and medical needs on two campuses: Pastore and Zambarano; and

WHEREAS, The Hospital is licensed by the Rhode Island department of health and accredited triennially by the Joint Commission for the Accreditation of Health Care Organizations
WHEREAS, The Hospital generates approximately fifty-five million dollars ($55,000,000) in revenue annually; and

WHEREAS, The Eleanor Slater Hospital at Pastore Center has patients with psychiatric needs who are currently in three buildings (Benton, Regan and Adolph Meyer) of which Regan and Adolph Meyer are older buildings that have not been renovated in many years; and have been cited by the JCAHO for a significant number of ligature risks that exist; and

WHEREAS, In January 2017, the Center for Medicare and Medicaid Services ("CMS") published standards designed to address the increased number of suicides and suicide attempts in hospitals; such standards required significant renovations to reduce ligature risks on inpatient psychiatric units; and

WHEREAS, In September 2017, JCAHO performed its triennial survey, identified significant ligature risks at the Pinel, Regan and the Adolph Meyer Buildings and as a result, gave the Hospital a conditional accreditation, requiring it to submit a remedial action plan to address the ligature risks in all three buildings; and

WHEREAS, The Regan and the Adolph Meyer Buildings currently do not meet JCAHO and CMS requirements and a loss of accreditation for failure to meet the submitted plan could lead to the loss of approximately fifty-five million dollars ($55,000,000) in annual revenue; and

WHEREAS, The Hospital submitted a plan to JCAHO to renovate both the Benton Center and the Regan Building, and to close the Pinel and Adolph Meyer Buildings, thus enabling it to achieve full accreditation; and

WHEREAS, The Hospital has completed renovations at the Benton Center converting it to a forensic psychiatric hospital and closed the Pinel building; and

WHEREAS, A renovation of the Adolph Meyer Building is not feasible and not financially prudent due to the magnitude of renovations required to achieve compliance; and
WHEREAS, The Regan Building is newer, has fewer ligature risks and has two floors currently not housing patients; and

WHEREAS, There are significant ligature risks that exist in Adolph Meyer and the current size of the units are twelve (12) to fifteen (15) beds which are too small to be efficient in hospitals, while the size of the patient care units in Regan are twenty-four (24) to twenty-eight (28) beds – more typical of patient care units today; and

WHEREAS, Closing the Adolph Meyer Building will enable the Hospital to reduce operating costs and address the deficiencies cited by the JCAHO; and

WHEREAS, The current Regan facility is underutilized and can accommodate additional bed capacity once renovations are complete; and

WHEREAS, To accommodate the remaining psychiatric patients from the Adolph Meyer Building, the Regan building requires extensive renovations to meet the current building standards for psychiatric inpatient units, including requirements for ligature resistant features, program areas, step down areas, quiet rooms, restraint rooms and private rooms that currently do not exist in the Regan or the Adolph Meyer Buildings; and

WHEREAS, The renovated Regan facility will have a total of one hundred six (106) beds with larger inpatient units and program space within the units, allowing the closure of Adolph Meyer, thus enabling the Hospital to reduce operating costs and develop programs to assist patients in their recovery and ultimate discharge; and

WHEREAS, Due to its age and deferred maintenance, the Regan Building requires significant infrastructure upgrades including: elevator replacement, masonry and envelope leak repair, and a roof replacement with an estimated total cost of nineteen million dollars ($19,000,000); and

WHEREAS, The capital costs associated with this project are estimated to be sixty one million, eight hundred fifty thousand dollars ($61,850,000). This includes twenty seven million eight hundred fifty thousand dollars ($27,850,000) from the Rhode Island Capital Plan Fund for
the renovation of the Benton and Regan Buildings and twenty two million ($22,000,000) from a previous authorization of Certificates of Participation and a new issuance of Certificates of Participation totaling twelve million dollars ($12,000,000) to finance the Regan Building renovations. Total lease payments over fifteen (15) years on the new $12,000,000 issuance are projected to be fourteen million eight hundred thousand ($14,800,000), assuming an estimated average interest rate of two and seventy-five hundredths percent (2.75%). The lease payments would be financed within the department of administration from general revenue appropriations; now, therefore be it

RESOLVED, That a renovation of the Regan Building as part of Eleanor Slater Hospital is critical to provide patients with an environment that meets current building standards for psychiatric hospitals and to meet CMS and JCAHO accreditation requirements; and be it further

RESOLVED, This General Assembly hereby approves the issuance of certificates of participation in an amount not to exceed twelve million dollars ($12,000,000) for the renovation of the Regan Building, including costs of financing, as part of the Eleanor Slater Hospital; and be it further

RESOLVED, That this joint resolution shall apply to bonds issued within five (5) years of the date of passage of this resolution; and be it further

RESOLVED, That this joint resolution shall take effect upon passage by this general assembly.

SECTION 5. 4. Department of Public Safety – Southern Barracks

WHEREAS, After Master Planning Services for facilities operated, controlled and occupied by the Rhode Island state police (“Division”) and Feasibility Study Services for the Wickford, Hope Valley and Portsmouth Barracks was conducted; and

WHEREAS, The Master Planning Committee comprised of contracted Architectural & Engineering Design Services, members of Rhode Island state police, the division of capital asset management and maintenance, and the office of management and budget collaborated; and
WHEREAS, The Master Plan and Feasibility Study indicates that the improvements of the current Wickford, Hope Valley and Portsmouth Barracks are not feasible as they were built in the 1930s, are undersized, are no longer located along the main thoroughfares of the State, are in poor condition with environmental health issues, are not Americans with Disability Act (ADA) and code compliant, have inadequate security and technology infrastructure and are expensive to operate and maintain; and,

WHEREAS, The Master Plan recommends consolidation of services provided by the Wickford, Hope Valley and Portsmouth barracks by constructing one consolidated modern southern barracks at approximately thirty eight thousand (38,000) square feet to accommodate eighty (80) sworn Division personnel located in a centralized area of the State best suitable for deployment of personnel and accessibility to citizens and motorists; and

WHEREAS, The project costs associated with the construction of a new, modern southern barracks for the Division are estimated to be thirty-five million dollars ($35,000,000). The total payments on the State’s obligation over fifteen (15) years are projected to be forty-three million two hundred thousand dollars ($43,200,000), assuming an estimated average interest rate of two and seventy five hundredths percent (2.75%). The payments would be financed within the department of administration from general revenue appropriations; now, therefore, be it

RESOLVED, That the General Assembly hereby approves financing in an amount not to exceed thirty five million dollars ($35,000,000) for the provision of financing for construction of a southern barracks including costs of financing at the site determined to be best suitable by the Master Plan Committee; and be it further

RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by this General Assembly.

SECTION 6. Joint Resolution and Enactment Approving the Financing of Various Department of Transportation Projects
WHEREAS, The Rhode Island department of transportation ("Department") is a
department of the State of Rhode Island, exercising public and essential governmental functions
of the State, created by the general assembly pursuant to chapter 13 of title 42 (as enacted,
reenacted and amended, the "Act"); and

WHEREAS, The State recognizes that the Henderson Bridge and other facilities of or
within the control of the Department are an essential part of the State's transportation system and
facilitates the tourism industry; and it is the policy of the State that the public welfare and the
further economic development and the prosperity of the state requires the maintenance of such
facilities and the financing thereof; and

WHEREAS, The United States Department of Transportation Appropriations Act, 2019,
title I of division G, Public Law 116-6 includes one-time funding to the State of approximately
seventy million dollars ($70,000,000) and increases to annual formula funding of approximately
fifteen million dollars ($15,000,000); and

WHEREAS, Obligating federal funds towards infrastructure projects requires State
matching funds; and

WHEREAS, Existing State transportation funds are committed to active transportation
infrastructure projects as programmed in the State Transportation Improvement Program; and

WHEREAS, The design, construction, equipping and completion of these improvements
will be financed in whole or in part either through revenue bonds issued pursuant to the Motor
Fuel Revenue Bonds Program by the State or through revenue bonds issued pursuant to the Motor
Fuel Revenue Bonds Program by the Rhode Island commerce corporation ("Commerce
Corporation") or through revenue bonds issued pursuant to the Motor Fuel Revenue Bonds
Program by another agency, instrumentality or quasi-public corporation established by the State
now or hereafter and otherwise authorized and empowered pursuant to law to issue bonds of the
type referenced herein for the types of projects enumerated herein, with either issuance having an
expected term of fifteen (15) years; and
WHEREAS, Pursuant to § 31-36-20, two cents ($0.02) per gallon of the motor fuel tax is transferred to an indenture trustee, administrator, or other third party fiduciary, in an amount not to exceed two cents ($0.02) per gallon of the gas tax imposed, in order to satisfy debt service payments on aggregate bonds issued pursuant to a Joint Resolution and Enactment approving the financing of various department projects; and

WHEREAS, Pursuant to §§ 35-18-3 and 35-18-4 of the Rhode Island Public Corporation Debt Management Act (as enacted, reenacted and amended, the "Debt Management Act"), the Department hereby requests the approval by the General Assembly of the issuance of not more than sixty-four million two hundred forty-five thousand dollars ($64,245,000) forty million ($40,000,000) Motor Fuel Revenue Bonds with a term not to exceed fifteen (15) years (the “bonds”) to be secured by motor fuel taxes and/or other revenues, for the purpose of providing funds to finance the renovation, renewal, repair, rehabilitation, retrofitting, upgrading and improvement of the Henderson Bridge, and other projects authorized under the act, replacement of the components thereof, working capital, capitalized interest, a debt service reserve and the costs of issuing and insuring the Bonds ("Project"); and

WHEREAS, The Project constitutes essential public facilities directly benefiting the State; and

WHEREAS, The State shall directly benefit economically from the Project by the repair, maintenance and improvement of the State transportation infrastructure; now, therefore, be it

RESOLVED AND ENACTED, That this General Assembly finds that the Henderson Bridge replacement and other bridge and highway capital projects identified in the State Transportation Improvement Program are essential public facilities and are of a type and nature consistent with the purposes and within the powers of the Department to undertake, and hereby approves the issuance of not more than $64,245,000 $40,000,000 in bonds, which amount is in addition to all prior authorizations; and be further
RESOLVED, That the bonds be issued by the State of Rhode Island or the Commerce Corporation or a subsidiary thereof or other agency, instrumentality or quasi-public corporation established by the State now or hereafter and otherwise authorized and empowered pursuant to law to issue bonds of the type referenced herein for the types of projects enumerated herein and to incur and pay debt service payments for such bonds in an amount not to exceed eighty-two million four hundred thousand dollars ($82,400,000) fifty-four million eight hundred thousand ($54,800,000) as specified herein for bonds issued for Henderson Bridge and other bridge and highway capital projects, such debt service payments to be made from the Motor Fuel Tax Allocation, as hereinafter defined, or such other revenue source as the Rhode Island general assembly shall designate from time to time, for the construction, design, maintenance, completion, finance costs, including, but not limited to, costs of issuance, credit enhancement, legal counsel and underwriter fees and expenses and other costs associated with the Henderson Bridge replacement and other bridge and highway capital projects; and be it further

RESOLVED, That any bonds or notes issued pursuant to Section 6-5 of this Joint Resolution and Act shall not constitute “State debt” within the meaning of Article 6, Section 16 of the Rhode Island Constitution and shall be the obligations of only the issuer of such obligations; and be it further

RESOLVED, That the governor of the State of Rhode Island or the director of the Rhode Island department of transportation or the director of the Rhode Island department of administration or the president of the Commerce Corporation each be and each hereafter are, acting singly, authorized and empowered by the Rhode Island general assembly to enter into a financing lease, guarantee, loan and trust agreement, indenture or other obligations or contracts or agreements and to take such other actions as such official shall deem necessary or appropriate in order to issue or facilitate the issuance of bonds referenced herein and to provide the Commerce Corporation or any subsidiary thereof or other instrumentality, agency or quasi-public corporation otherwise authorized and empowered to issue the bonds specified in this Joint Resolution and Act for the
projects specified above with the necessary debt service payments up to the amounts specified
above and the necessary security for such bonds consistent with the provisions of this Joint
Resolution and Act, including any action to pledge, assign or otherwise transfer the right to receive
all or any portion of revenues permitted by the laws of the State to secure or provide for the payment
of any such bonds; and be it further

RESOLVED, That, this Joint Resolution shall take effect upon passage; and be it further

RESOLVED, That any issuance of bonds or notes authorized in the preceding paragraphs
may be effectuated in an aggregate principal amount representing the sum of the authorized State
Match Bonds, and that the Rhode Island General Laws be amended as follows:

SECTION 5. Section 31-36-20 of the General Laws in Chapter 31-36 entitled "Motor
Fuel Tax" is hereby amended to read as follows:

31-36-20. Disposition of proceeds. -- (a) Notwithstanding any other provision of law to
the contrary, all moneys paid into the general treasury under the provisions of this chapter or
chapter 37 of this title, and title 46 shall be applied to and held in a separate fund and be
deposited in any depositories that may be selected by the general treasurer to the credit of the
fund, which fund shall be known as the Intermodal Surface Transportation Fund; provided, that in
fiscal year 2004 for the months of July through April six and eighty-five hundredth cents
($0.0685) per gallon of the tax imposed and accruing for the liability under the provisions of §
31-36-7, less refunds and credits, shall be transferred to the Rhode Island public transit authority
as provided under § 39-18-21. For the months of May and June in fiscal year 2004, the allocation
shall be five and five hundredth cents ($0.0505). Thereafter, until fiscal year 2006, the allocation
shall be six and twenty-five hundredth cents ($0.0625). For fiscal years 2006 through FY 2008,
the allocation shall be seven and twenty-five hundredth cents ($0.0725); provided, that
expenditures shall include the costs of a market survey of non-transit users and a management
study of the agency to include the feasibility of moving the Authority into the Department of
Transportation, both to be conducted under the auspices of the state budget officer. The state
budget officer shall hire necessary consultants to perform the studies, and shall direct payment by
the Authority. Both studies shall be transmitted by the Budget Officer to the 2006 session of the
General Assembly, with comments from the Authority. For fiscal year 2009, the allocation shall
be seven and seventy-five hundredth cents ($0.0775), of which one-half cent ($0.005) shall be
derived from the one cent ($0.01) per gallon environmental protection fee pursuant to § 46-12.9-
11. For fiscal years 2010 and thereafter, the allocation shall be nine and seventy-five hundredth
cents ($0.0975), of which of one-half cent ($0.005) shall be derived from the one cent ($0.01) per
gallon environmental protection fee pursuant to § 46-12.9-11. One cent ($0.01) per gallon shall
be transferred to the Elderly/Disabled Transportation Program of the department of human
services, and the remaining cents per gallon shall be available for general revenue as determined
by the following schedule:

(i) For the fiscal year 2000, three and one fourth cents ($0.0325) shall be available for
general revenue.

(ii) For the fiscal year 2001, one and three-fourth cents ($0.0175) shall be available for
general revenue.

(iii) For the fiscal year 2002, one-fourth cent ($0.0025) shall be available for general
revenue.

(iv) For the fiscal year 2003, two and one-fourth cent ($0.0225) shall be available for
general revenue.

(v) For the months of July through April in fiscal year 2004, one and four-tenths cents
($0.014) shall be available for general revenue. For the months of May through June in fiscal year
2004, three and two-tenths cents ($0.032) shall be available for general revenue, and thereafter,
until fiscal year 2006, two cents ($0.02) shall be available for general revenue. For fiscal year
2006 through fiscal year 2009 one cent ($0.01) shall be available for general revenue.

(2) All deposits and transfers of funds made by the tax administrator under this section,
including those to the Rhode Island public transit authority, the department of human services, the
Rhode Island turnpike and bridge authority, and the general fund, shall be made within twenty-four (24) hours of receipt or previous deposit of the funds in question.

(3) Commencing in fiscal year 2004, the Director of the Rhode Island Department of Transportation is authorized to remit, on a monthly or less frequent basis as shall be determined by the Director of the Rhode Island Department of Transportation, or his or her designee, or at the election of the Director of the Rhode Island Department of Transportation, with the approval of the Director of the Department of Administration, to an indenture trustee, administrator, or other third party fiduciary, in an amount not to exceed two cents ($0.02) per gallon of the gas tax imposed, in order to satisfy debt service payments on aggregate bonds issued pursuant to a Joint Resolution and Enactment Approving the Financing of Various Department of Transportation Projects adopted during the 2003 session and during the 2020 session of the General Assembly, and approved by the Governor.

(4) Commencing in fiscal year 2015, three and one-half cents ($0.035) shall be transferred to the Rhode Island Turnpike and Bridge Authority to be used for maintenance, operations, capital expenditures and debt service on any of its projects as defined in chapter 12 of title 24 in lieu of a toll on the Sakonnet River Bridge. The Rhode Island turnpike and bridge authority is authorized to remit to an indenture trustee, administrator, or other third-party fiduciary any or all of the foregoing transfers in order to satisfy and/or secure its revenue bonds and notes and/or debt service payments thereon, including, but not limited to, the bonds and notes issued pursuant to the Joint Resolution set forth in Section 3 of Article 6 of Chapter 23 of the Public Laws of 2010. Notwithstanding any other provision of said Joint Resolution, the Rhode Island turnpike and bridge authority is expressly authorized to issue bonds and notes previously authorized under said Joint Resolution for the purpose of financing all expenses incurred by it for the formerly authorized tolling of the Sakonnet River Bridge and the termination thereof.

(b) Notwithstanding any other provision of law to the contrary, all other funds in the fund shall be dedicated to the department of transportation, subject to annual appropriation by the
general assembly. The director of transportation shall submit to the general assembly, budget
office and office of the governor annually an accounting of all amounts deposited in and credited
to the fund together with a budget for proposed expenditures for the succeeding fiscal year in
compliance with §§ 35-3-1 and 35-3-4. On order of the director of transportation, the state
controller is authorized and directed to draw his or her orders upon the general treasurer for the
payments of any sum or portion of the sum that may be required from time to time upon receipt
of properly authenticated vouchers.

(c) At any time the amount of the fund is insufficient to fund the expenditures of the
department of transportation, not to exceed the amount authorized by the general assembly, the
general treasurer is authorized, with the approval of the governor and the director of
administration, in anticipation of the receipts of monies enumerated in § 31-36-20 to advance
sums to the fund, for the purposes specified in § 31-36-20, any funds of the state not specifically
held for any particular purpose. However, all the advances made to the fund shall be returned to
the general fund immediately upon the receipt by the fund of proceeds resulting from the receipt
of monies to the extent of the advances.

SECTION 6. This article shall take effect upon passage.