



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300

MEMORANDUM

To: The Honorable Marvin L. Abney, Chairman, House Finance Committee
The Honorable Louis P. DiPalma, Chairman, Senate Finance Committee

From: Joseph Codega Jr., Budget Officer *Joseph M. Codega Jr.*

Date: May 15, 2026

Subject: Amendments to FY 2027 Appropriations Act (26-H-7127)

Governor's Budget Amendment #17

The Governor submits the following request on behalf of the Office of the Postsecondary Commission (OPC). OPC requests that an amendment be made to the FY 2027 Appropriations Act. The amendment includes changes to the appropriation amounts in Article 1, Relating to Making Appropriations in Support of FY 2027 and to statutory language in Article 9, Relating to Leases.

This amendment reflects a request from OPC to enter into a new lease agreement to support an expansion of their job training footprint in the Town of Westerly to include additional leased space at the Tower Street Community Center, which is currently under construction. This lease includes an upfront lump-sum payment of \$1,500,000 which is to be financed with a federal congressionally directed spending grant awarded through the Department of Housing and Urban Development, with the remainder of the lease expected to be paid by OPC revenues.

This lease remains under negotiation and is awaiting review and approval from both the Rhode Island Council on Postsecondary Education and the State Properties Committee, as well as approval of the General Assembly. The requested appropriations amount and the proposed language offered by OPC are provided below.

If you have any questions regarding these amendments, please feel free to call me or my staff at 222-6300.

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Thomas Verdi, Acting Director of Administration
Brian Daniels, Director, Office of Management and Budget

ARTICLE 1, RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2027

SECTION 1, APPROPRIATIONS IN SUPPORT OF FY 2027

Office of the Postsecondary Commissioner

Increase Federal Funds for the Office of Postsecondary Commissioner, Page 22, Line 7, by \$1,500,000 from \$5,377,602 to \$6,877,602. This amendment reflects the costs associated with leasing educational space at 83 Tower Street, Westerly (27-OPC1).

Article 9 – Relating to Leases

Add New Section 6 and renumber subsequent section accordingly:

SECTION 6. *Office of the Postsecondary Commissioner (83 Tower Street, Westerly).*

WHEREAS, the Office of the Postsecondary Commissioner, by and through its governing council, the Rhode Island Council on Postsecondary Education, desires to lease approximately 2,385 rentable square feet of space at the building located at 83 Tower Street, Westerly, Rhode Island, owned by Tower Street Center, Inc.; and

WHEREAS, to meet the continued demand from employers for a highly trained and skilled workforce that requires an education credential beyond a high school diploma, the Office of the Postsecondary Commissioner requires additional educational space. Currently, the Westerly Education Center is at capacity, offering nine trades to support employees for Electric Boat, programming from higher education institutions, and space for industry partners to provide incumbent worker training programs; and

WHEREAS, the proposed lease is for additional educational space, and there is no existing lease for the specific premises located at 83 Tower Street, Westerly, Rhode Island; and

WHEREAS, Tower Street Center, Inc. entered into a Ground Lease Agreement with the Town of Westerly, Rhode Island on January 1, 2024, to develop a community center, authorizing the Landlord to sublease all or any portion of the improvements on the Property, develop the terms of such permitted sublease(s), and enforce the terms of such permitted sublease(s), according to the terms set forth in the Ground Lease Agreement; and

WHEREAS, the vision for the Tower Street Community Center is to create a transformative community hub that breaks down barriers to essential services, fosters meaningful connections, and empowers individuals to thrive. The Tower Street Community Center is envisioned as a place where health, education, and recreation intersect to build a stronger, more resilient community; and

WHEREAS, the leased premises provide a critical location for the Office of the Postsecondary Commissioner to expand its operations from which the agency can fulfill its mission; and

WHEREAS, the initial lease term in the lease agreement is for a period of ten (10) years, and the

lease agreement includes three (3) optional extensions of ten (10) years each; and

WHEREAS, the Office of the Postsecondary Commissioner received \$1,500,000 in federal grant funding through the Consolidated Appropriations Act, 2023 (Public Law 117-328), under the Economic Development Initiative Community Project Funding/Congressionally Directed Spending program, administered by the United States Department of Housing and Urban Development, for prepaid rent toward securing a lease agreement for the Education Center Expansion project at the Tower Street Community Center; and

WHEREAS, the base rent of the lease agreement will consist of a lump-sum prepayment of \$1,500,000 and additional annual base rent not to exceed \$50,000 per year in each of years one (1) through ten (10), for aggregate base rent not to exceed \$2,000,000 during the initial ten-year term. The base rent reflects a percentage of the reasonably anticipated cost of construction for this phase of the project, secures the long-term lease and extension options, and provides the option to expand the leased premises into a subsequent phase of the project at no additional base rent during the initial term or any exercised extension term, as applicable, if the Landlord develops subsequent phases of the project; and

WHEREAS, the payment of base rent will be made from funds available to the Office of the Postsecondary Commissioner for the payment of rental and lease costs based on annual appropriations made by the General Assembly of the State of Rhode Island; and

WHEREAS, the lease agreement is subject to approval by the Rhode Island Council on Postsecondary Education and the State Properties Committee, and approval of the Rhode Island House of Representatives and the Rhode Island Senate is requested for the lease agreement between the Office of the Postsecondary Commissioner, by and through its governing council, the Rhode Island Council on Postsecondary Education, and Tower Street Center, Inc. for leased space located at 83 Tower Street, Westerly, Rhode Island; now therefore be it

RESOLVED, that this General Assembly of the State of Rhode Island hereby approves the lease agreement for an initial term not to exceed ten (10) years, with three (3) optional extensions of ten (10) years each, and authorizes the lease agreement to include an option to expand the leased premises into a

subsequent phase of the project at no additional base rent during the initial term or any exercised extension term, as applicable, if the Landlord develops subsequent phases of the project, provided that aggregate base rent during the initial term shall not exceed \$2,000,000; provided, however, that General Assembly approval granted hereby is subject to and conditioned upon approval by the Rhode Island Council on Postsecondary Education and the State Properties Committee; and it be further

RESOLVED, that this Joint Resolution shall take effect upon passage by the General Assembly; and it be further

RESOLVED, that the Secretary of State is hereby authorized and directed to transmit duly certified copies of this resolution to the Governor, the Secretary of State, the Director of Administration, the State Budget Officer, and the Chair of the State Properties Committee.

SECTION 5

Page 185, Line 19. Strike "Section 5" and replace with "Section 7".

