



OFFICE OF MANAGEMENT & BUDGET

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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 

Date: May 5, 2023

Subject: **Amendments to FY 2024 Appropriations Act (23-H-5200)**

The Governor requests the following budget article amendment be made under the FY 2024 Appropriations Act as follows:

- Amend Article 11 – Relating to Leases is hereby amended for the following: (1) Department of Human Services, One Reservoir Avenue, Providence. DHS wishes to exercise its option to renew the lease of One Reservoir Avenue for an additional ten-year term; (2) Department of Elementary and Secondary Education. As currently stands, RIDE is no longer expected to go forward with a new lease. As a result, Section 6 of Article 11 needs to be struck in its entirety. There is no fiscal impact from this change.

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

JC: 23-Amend-15
Attachments

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Brian Daniels, Interim Director of Administration; Director of the Office of Management and Budget

H 5200, RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2024

Article 11 – Relating to Leases

New SECTION 4, Page 200, after Line 9: Insert new Section 4 as included in Appendix 1 attached to this memo and renumber all subsequent sections accordingly. This amends Article 11 for the Department of Human Services to move forward with exercising its option to renew the lease of One Reservoir Avenue for an additional ten-year term.

Section 6, Page 202, Lines 10-33 and Page 203, Lines 1-13: Strike Section 6 in its entirety. RIDE is no longer expected to move forward with a new lease. As a result, Section 6 of Article 11 needs to be struck in its entirety. There is no fiscal impact from this change.

H 5200 RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2024

Article 11 – Relating to Leases

Add New Section 4 of the Joint Resolution pursuant to Rhode Island General Laws §37-6-2 to read as follows:

SECTION 4. *Department of Human Services (One Reservoir Avenue, Providence)*

WHEREAS, The Department of Human Services and the Department of Labor and Training currently occupy 25,000 square feet at One Reservoir Avenue in the City of Providence; and

WHEREAS, the Department of Labor and Training has a current lease agreement, in full force and effect, with First Reservoir, LLC for 25,000 square feet of office space located at One Reservoir Avenue; and

WHEREAS, the Department of Labor and Training will be vacating the leased premises effective June 30, 2023 and the Lease, with the Landlord's written consent, will be assigned to the Department of Human Services.

WHEREAS, the existing lease expires on June 30, 2023 and the Department of Human Services wishes to exercise its option to renew this lease for an additional ten-year term; and

WHEREAS, the State of Rhode Island, acting by and through the Department of Human Services attests to the fact that there are no clauses in the lease agreement with First Reservoir, LLC that would interfere with the Department of Human Services lease agreement or use of the facility; and

WHEREAS, the leased premises provide a critical location for the offices of the Department of Human Services from which the organization can fulfill its mission; and

WHEREAS, the annual base rent in the agreement in the current fiscal year, ending June 30, 2023 is \$579,250.00; and

WHEREAS, the anticipated annual base rent in years 1-2 of the term shall not exceed \$579,250.00, the anticipated annual base rent in years 3-5 of the term shall not exceed \$593,731.25, the anticipated annual base rent in years 6-8 of the term shall not exceed \$608,574.53, the anticipated annual base rent in years 9-10 of the term shall not exceed \$623,788.89; and

WHEREAS, the payment of the annual base rent will be made from funds available to the Department of Human Services for the payments of rental and lease costs based on annual appropriations made by the General Assembly; and

WHEREAS, the State Properties Committee now respectfully requests the approval of the Rhode Island House of Representatives and the Rhode Island Senate for the lease agreement between the Department of Human Services and First Reservoir, LLC for leased space located at One Reservoir Avenue, Providence; now therefore be it

RESOLVED, that this General Assembly of the State of Rhode Island hereby approves the lease agreement, for a term not to exceed ten (10) years and an aggregate base rent not to exceed \$6,012,995.13; 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 Director of the Department of Human Services, the Director of Administration, the State Budget Officer, and the Chair of the State Properties Committee.

Strike Section 6 of the Joint Resolution pursuant to Rhode Island General Laws §37-6-2 in its entirety:

SECTION 6. Department of Elementary and Secondary Education (To Be Determined).

~~WHEREAS, the Department of Elementary and Secondary Education currently occupies approximately 61,044 square feet of State-owned space in the Shepard Building located at 259 Westminster Street in the City of Providence;~~

~~WHEREAS, the Department of Administration wishes to surplus the Shepard Building property and relocate the Department of Elementary and Secondary Education to another suitable space;~~

~~WHEREAS, the Department of Administration has conducted a review of its State-owned inventory of space. Based on this review, the current State-owned building inventory does not include office space that can accommodate the space requirements of the Department of Elementary and Secondary Education;~~

~~WHEREAS, the Department of Administration is currently working with the Department of Elementary and Secondary Education on the advertisement of a Request for Proposals to lease approximately 25,000-30,000 square feet of office space and associated parking spaces in the City of Providence for a term of five (5) years;~~

~~WHEREAS, the leased premises to be determined will provide a critical location for the offices of the Department of Elementary and Secondary Education from which the agency can fulfill its mission;~~

~~WHEREAS, the anticipated annual base rent of the agreement in each of the five (5) years of the renewal term will not exceed a commercially reasonable amount determined through a procurement process;~~

~~WHEREAS, the payment of the annual base rent will be made from funds available to the Department of Elementary and Secondary Education for the payments of rental and lease costs based on annual appropriations made by the General Assembly;~~

~~WHEREAS, the State Properties Committee now respectfully requests the approval of the General Assembly for the lease agreement between the Department of Elementary and Secondary Education and a Landlord to be determined for leased space located at a location to be determined; now therefore be it:~~

~~RESOLVED, that this General Assembly of the State of Rhode Island hereby approves the lease agreement, for a term not to exceed five (5) years and an aggregate base rent not to exceed a commercially reasonable amount to be determined through a procurement process;~~

~~RESOLVED, that this Joint Resolution shall take effect upon passage by the General Assembly;~~

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