

# Governor's FY 2019 Budget: Articles

Staff Presentation to the House Finance  
Committee  
February 14, 2018

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# Introduction

- Article 5 – Capital Development Program
  - Question 2: Higher Education Facilities
- Article 16
  - URI Repaving, Hardscape, and Landscape
  - URI Utility Infrastructure Upgrade Phase I
  - URI Fire Safety & Protection – Auxiliary Enterprise Buildings Phase II

# 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?
    - What will the operating budget impacts be?
      - Maintenance costs, staff savings?
  - When will it be complete?

# Funding Considerations

- Should a project be financed or pay-as-you-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

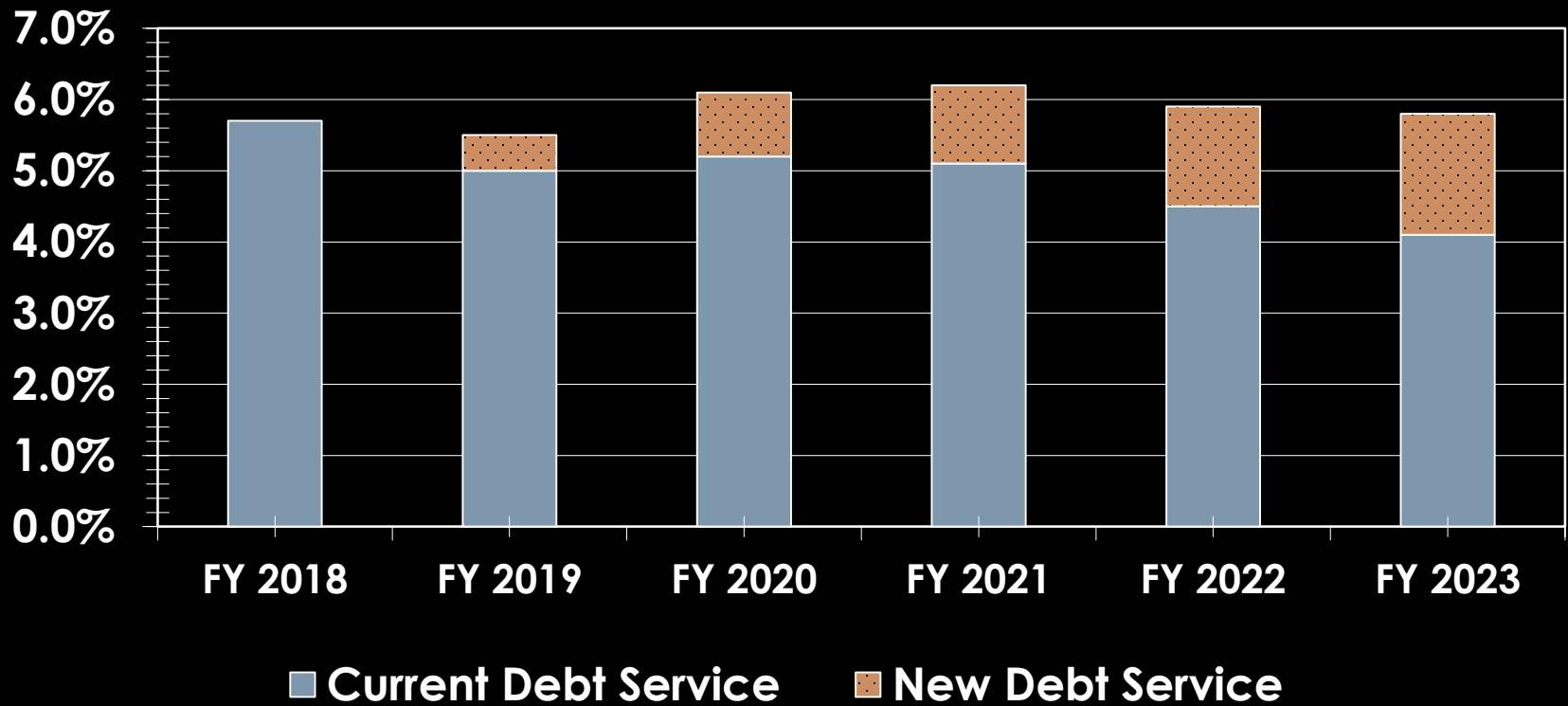
- State's overall debt structure
  - Net tax supported debt would decrease by \$120.9 million to \$1,648.5 million
  - Had dropped to \$1.3 billion in FY 2003 after use of tobacco bonds to defease debt
  - Past practice indicates it will be higher as more projects are added

# Funding Considerations – Debt Service

Fiscal Year	Net Tax Supported Debt Service*	Pct. of Revenues
2018	\$219.7	5.7%
2019	\$217.5	5.5%
2020	\$246.4	6.1%
2021	\$259.8	6.3%
2022	\$248.7	5.9%
2023	\$249.8	5.8%

\*Millions

# Debt Service as Percent of Useable Revenues





# New Requested Debt – GO November 2018

Project	Amount	Annual Debt
Rhode Island School Buildings	\$250.0	\$20.7
<b>URI Narragansett Bay Campus</b>	<b>45.0</b>	<b>3.6</b>
<b>RIC Horace Mann Hall</b>	<b>25.0</b>	<b>2.0</b>
Green Economy & Clean Water	48.5	3.9
<b>Total</b>	<b>\$368.5</b>	<b>\$30.2</b>

*Assumes 5% rate and 20 year term  
Data in millions*

# Article 5, Question 2

- URI Narragansett Bay Campus
  - \$45.0 million for the 1<sup>st</sup> 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

# 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

Project	Amount	Annual Debt	Source
URI Repaving, Hardscape, Landscape	\$11.0	\$0.9	Gen. Rev., tuition, fees
URI Utility Infrastructure Phase I	6.5	0.5	Gen. Rev., tuition, fees
URI Fire Safety Auxiliary Phase II	2.3	0.2	Fees
<b>Total</b>	<b>\$19.8</b>	<b>\$1.6</b>	
<i>Assumes 5% rate and 20 year term Data in millions</i>			



# Article 16, Section 2

- URI Repaving, Hardscape, & Landscape
  - Authorizes borrowing \$11.0 million
    - Repave & reconstruct
      - Major parking facilities
      - Internal roadways
      - Walkways
  - Annual debt service of \$0.9 million
    - Total cost of \$18.0 million
      - Assumes 20 years and 5% interest
    - Supported by general revenues, tuition, mandatory student fees & parking fees

# Article 16, Section 3

- URI Utility Infrastructure Upgrade Phase I
  - Authorizes borrowing \$6.5 million
  - Upgrade utility infrastructure systems
    - Steam/condensate
    - Water
    - Electrical
    - Sanitary Sewer
    - Storm Water
  - Based on 1997 condition and adequacy study

# Article 16, Section 3

- URI Utility Infrastructure Upgrade Phase I
  - Annual debt service of \$0.5 million
    - Total cost of \$10.6 million
      - Assumes 20 years and 5% interest
    - Supported by general revenues, tuition & mandatory fees
  - Phase II is recommended at \$18.4 million
    - Programmed to begin in FY 2021

# Article 16, Section 4

- URI Fire Safety Auxiliary Enterprise Phase II
  - Authorizes borrowing \$2.3 million
    - Upgrade existing fire alarm systems
    - Install fire-suppressing sprinkler systems
  - Annual debt service of \$0.2 million
    - Total cost of \$3.8 million
      - Assumes 20 years and 5% interest
    - Supported by student fees

# Article 16, Section 4

- URI Fire Safety Auxiliary Enterprise Phase II
  - 2008 Assembly authorized \$19.4 million for first phase
    - Projected to be completed during FY 2019
    - Remaining work includes electrical upgrades in the Roger Williams Complex residence halls

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