

# Governor's FY 2015 Budget: Articles

Staff Presentation to the House Finance  
Committee  
May 15, 2014

## Introduction

- Revisit to provide additional information
- Recommendations/legislation lacked details
- Article 4 Section 4: Garrahy Courthouse Parking Garage
  - February 26 - Hearing
- Article 5 Question 3: Mass Transit Hub
  - February 25 - Hearing

## Articles 4 and 15

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- Governor's budget includes \$200.1 million under Public Corporation Debt Management Act
  - Information Technology
  - Virks Building Renovation
  - Historic Structures Tax Credits (Art. 15)
  - T.F. Green Improvements
  - Garrahy Courthouse Parking

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## Public Corporation Debt Management Act (Kushner Act)

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- 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

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## Kushner Items

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### *Certificate of Participation (COPS)*

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Information Technology	\$30.0
Virks Building Renovation	13.0
Historic Structures Tax Credits (Art. 15)	52.1
<b>Total</b>	<b>\$95.1</b>

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## Kushner Items

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### *Revenue Bonds (in millions)*

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T.F. Green Improvements – including Runway Extension	\$60.0
<i>Garrahy Courthouse Parking</i>	<i>45.0</i>
<b>Total</b>	<b>\$105.0</b>

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## Article 4, Section 4 – Garrahy Courthouse Parking Garage

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- Authorization for \$45.0 million from revenue bonds to finance
  - Construction of 1,250 parking spaces
  - 13,800 square feet of retail space

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## Article 4, Section 4 – Garrahy Courthouse Parking Garage

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- Land currently has 188 spaces of surface parking
  - Land is state-owned
- Used by Court employees
- In evenings, managed by Central Parking

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## Article 4, Section 4 – Garrahy Courthouse Parking Garage

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- Legislation:
  - Does identify the need for additional parking
  - Indicates it is essential to the development surplus land from the relocation of Interstate 195

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## Article 4, Section 4 – Garrahy Courthouse Parking Garage

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### History

- 1999 Parking Garage Study
- Article 39 of 2002-H 7732, Governor's proposal for construction - \$15.0 million for a 927- space garage
- FY 2006 Budget: \$18.0 million to construction a 1,135 space garage – no approval was requested

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## Article 4, Section 4 – Garrahy Courthouse Parking Garage

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### History

- 2007 Assembly authorized RI Housing or another agency to establish a request for proposals for a mixed use project assumed land revenues of \$7.5 million
  - Initiative did not materialize & authorization was repealed
- FY 2009 revised budget included proposal similar to 2007
  - Was not approved

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## Article 4, Section 4 – Garrahy Courthouse Parking Garage

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- 2013 Assembly established an 11-member commission to make a comprehensive study and issue findings
- The Commission met two times before issuing report

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## Article 4, Section 4 – Garrahy Courthouse Parking Garage

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- On May 14, issued report
- “recommends that the House and Senate Finance Committees use the findings as they consider the Governor’s proposal”

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## Article 4, Section 4 – Garrahy Courthouse Parking Garage

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- Legislation as proposed: \$45.0 million but
  - Does not identify financing specifics
  - Debt service payments would be supported by parking revenues
- Article Hearing on Feb. 26, Director Licht stated that upon the issuance of the report, the administration would submit an amendment to tighten the language

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## Article 4, Section 4 – Garrahy Courthouse Parking Garage

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- Report:
- Construction of 7 levels with 1,250 parking spaces – same as current legislation
  - \$31,250 per space cost
- Assumed 4.5 percent for a 25 year term
  - Annual debt service would be \$2.6 million
  - State support would be needed for the first three years of operation
  - Not identified in current legislation

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## Consideration

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- Will state be obligated to cover shortfalls for all occurrences?
- Displacement - where will current employees park during construction?
- How will it operate?

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## Article 5: General Obligation Bonds

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- Plan relies on \$275.0 million of new general obligation bonds for November 2014 ballot
  - Higher Education projects
  - *Transportation*
  - Water Infrastructure
  - Recreation and Environment
  - Arts-Cultural Economy

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## Bond Referenda – November 2014

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Higher Education (Feb. 26)	\$125,000,000
<i>Transportation (Feb. 25)</i>	<i>40,000,000</i>
Water Infrastructure (Feb. 27)	35,000,000
Environment & Recreation (Feb. 27)	40,000,000
Arts (Feb. 26)	35,000,000
<b>Total</b>	<b>\$275,000,000</b>

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## Bond Referenda – November 2014

	Annual Debt Service	Total Cost
Higher Education	\$10.3	\$200.2
<i>Transportation</i>	<i>3.3</i>	<i>64.1</i>
Water Infrastructure	2.9	56.1
Environment	3.3	64.1
Arts	2.9	56.1
<b>Total</b>	<b>\$22.8</b>	<b>\$440.6</b>

Assumes 5% rate and 20 year maturity

Data in millions

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## Mass Transit Hubs – Question 3

- \$40 million
  - Average annual debt service \$3.3 million
  - Paid from general revenues
  - Total cost of borrowing - \$64.1 million

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## Mass Transit Hubs – Question 3

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- Outlays
  - \$250,000 from RICAP in FY 2015 for preliminary design work
  - \$5.0 million for FY 2016
  - \$10.0 million each for FY 2017 and FY 2018
  - \$15.0 million for FY 2019

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## Mass Transit Hubs – Question 3

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- Article 5 – Capital Development Plan
  - Question 3 – Mass Transit Hubs
  - Originally heard on February 25<sup>th</sup>
  - Few details included in recommendation
  - “Major enhancements and renovations to mass transit hub infrastructure throughout the state”

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## Mass Transit Hubs – Question 3

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- Subsequent to the article hearing
  - Final report concerning transit improvements performed by outside vendor - April 24, 2014
  - Scope was determined by DOT, RIPTA and Statewide Planning
  - Would involve a new transit hub in Providence

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## Mass Transit Hubs – Question 3

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- Stated goals for project include
  - Improving service & attracting new riders
  - Addressing current issues at Kennedy Plaza
  - Support local development
  - Develop a fundable project
- This project envisions a connection to the Garrahy Courthouse parking project

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## Capital Costs

- Projected to be \$27.2 million
  - Bus elements - \$15.0 million
  - Courthouse Station - \$6.0 million
  - Additional RIPTA buses - \$5.0 million
  - Downtown improvements - \$1.2 million
- Remaining \$12.8 million
  - Used by DOT for train station improvements

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## Project Evaluation

- Examined 3 alternatives
  - Kennedy Plaza and Providence Station
  - Kennedy Plaza and Garrahy Courthouse station
  - Providence Station and Courthouse Station
    - Routes would still serve Kennedy Plaza

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## Project Evaluation

- Final report finds the best alternative would be to utilize Providence Station and a new station at Garrahy Courthouse garage
  - Kennedy Plaza would be used as a "superstop"

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## Operating Costs

- Projected to be \$3.8 million annually
  - Includes additional bus miles
  - Staff
  - Does not include any other RIPTA operating needs
- DOT and RIPTA will provide greater level of detail than included in the Governor's recommendation

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## Items to Consider

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- Ability to pay for capital costs
- Authority has consistent operating deficit
- Where does this fit with statewide transportation priorities?

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## Items to Consider

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- How will integration with Garrahy project be determined?
- Would costs affect service levels?
- Increase in fare revenue related to system investment
- Governor has not submitted any proposed revisions to ballot question language

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