

# Governor's FY 2019 Budget: Articles

Staff Presentation to the House Finance  
Committee  
February 28, 2018

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# Introduction

- Article 5 – Capital Development Program
  - Question 3: Green Economy and Clean Water Bond

# 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

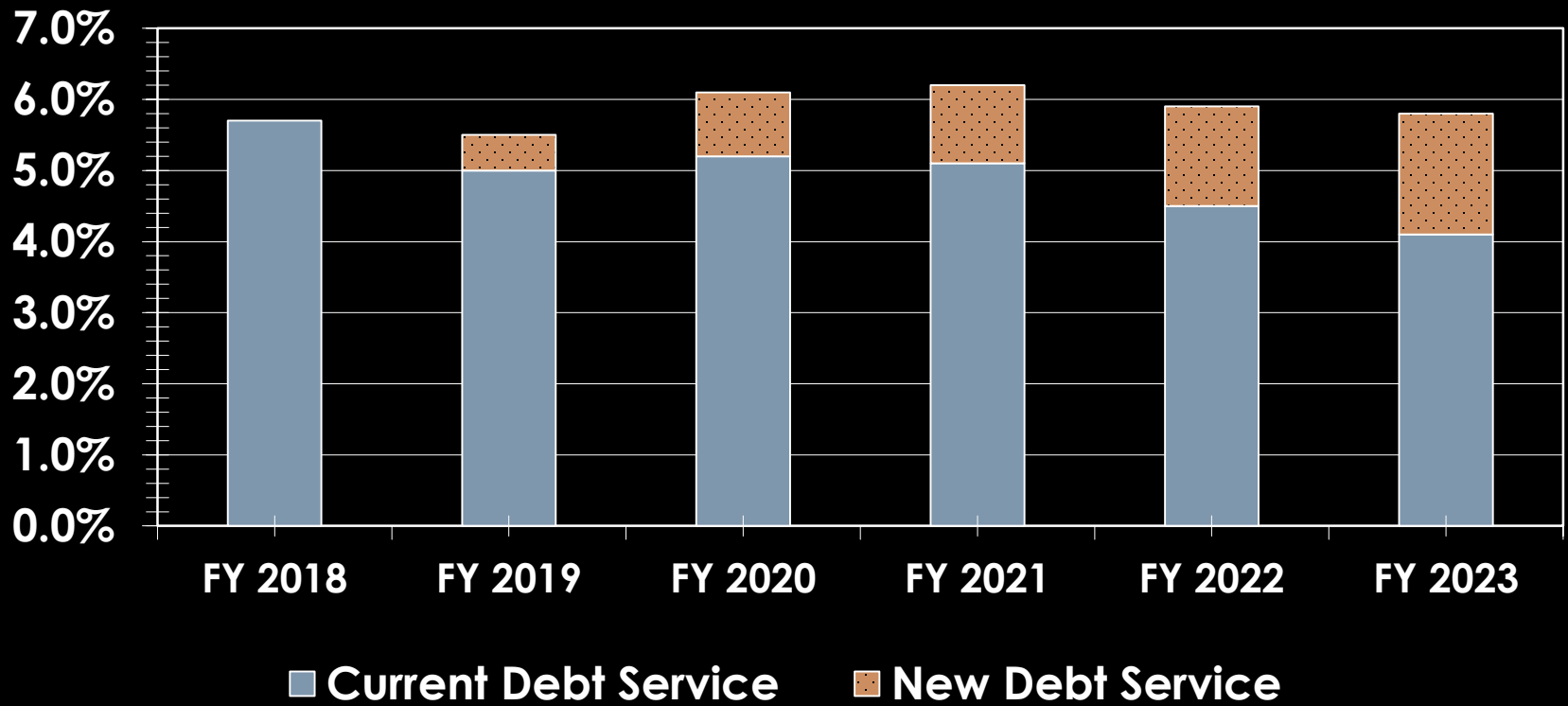
- State's overall debt structure
  - Net tax supported debt would decrease by \$120.9 million to \$1,648.5 million
  - Had dropped to \$1.3 billion in FY 2003 after use of tobacco bonds to defease debt
  - Past practice indicates it will be higher as more projects are added

# 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
URI Narragansett Bay Campus	45.0	3.6
RIC Horace Mann Hall	25.0	2.0
<b>Green Economy &amp; Clean Water</b>	<b>48.5</b>	<b>3.9</b>
<b>Total</b>	<b>\$368.5</b>	<b>\$30.2</b>

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

# Article 5, Question 3

- Green Economy and Clean Water Bond
  - \$48.5 million for ten different projects
    - Nine are for the DEM, two are new
    - One is for the Infrastructure Bank
  - Invest in recreational and economic facilities
  - Adapt to changing weather conditions
    - Protect coastline, dams, and drinking water
  - Support small farmers
  - Protect open space and clean up contaminated brownfields

# Article 5, Question 3

- 2016 voters approved \$35.0 million of Green Economy bonds:

Green Economy Projects - 2016	
Historic State Park Development	\$4.0
State Open Space	4.0
Brownfields Remediation	5.0
Local Rec. Development Grants	5.0
Local Open Space	4.0
State Bikeway Development	10.0
Stormwater Pollution Prevention	3.0
Total	\$35.0

\$ in millions

# Article 5, Question 3

2018 Green Economy & Clean Water Projects	Amount	Debt Service
Coastal Resiliency & Public Access	\$5.0	\$0.4
Capital for Clean Water and Drinking Water	6.1	0.5
Wastewater Treatment Facility Improvements	5.0	0.4
Dam Safety	4.4	0.4
State Recreation Projects Program	10.0	0.7
State Bikeway Development Program	5.0	0.4
Brownfield Remediation & Development	4.0	0.3
Local Recreation Projects	5.0	0.4
Access to Farmland	2.0	0.2
Local Open Space	2.0	0.2
<b>Total</b>	<b>\$48.5</b>	<b>\$3.9</b>

\$ in millions

# Article 5, Question 3

Previously Approved Bonds with Remaining Funds		
Project	Approved	Balance
State Recreation/Historic Parks - 2016	\$4.0	\$1.2
State Bikeways - 2016	10.0	3.3
Brownfields - 2014/2016	10.0	6.1
Local Recreation Projects - 2016	5.0	3.2
Access to Farmland - 2012/2014	7.5	3.1
Local Open Space – 2012/2016	4.5	4.2
<b>Total</b>	<b>\$41.0</b>	<b>\$21.1</b>

\$ in millions

# Article 5, Question 3

- Coastal Resiliency and Public Access Projects - \$5.0 million
  - Funds would provide up to 75.0% matching grants to public & non-profit entities for:
    - Restoring & improving the resiliency of vulnerable coastal habitats
    - Restoring river & stream flood plains

# Article 5, Question 3

- Capital for Clean Water & Drinking Water
  - \$6.1 million
  - 20% state match for federal funds
  - Finance clean & drinking water infrastructure improvements through Infrastructure Bank
  - Voters approved \$20.0 million in 2014
    - All has been expended

# Article 5, Question 3

- Wastewater Treatment Facility Resilience Improvements - \$5.0 million
  - Funds would provide up to 50.0% matching grants for wastewater treatment facility resilience improvements



# Article 5, Question 3

- Dam Safety - \$4.4 million
  - Funds would be used for the repair of “high hazard” state owned dams at various recreational and management areas operated by DEM
    - Supplants \$4.8 million of previously approved RICAP funds
    - \$350,000 less over same period

Fiscal Year	2018	2019	2020	2021	2022	Total
<b>Approved RICAP</b>	<b>\$2.4</b>	<b>\$1.5</b>	<b>\$1.25</b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$7.1</b>
<b>Governor</b>						
RICAP	\$2.4	\$ -	\$ -	\$ -	\$ -	\$2.4
Bond	-	1.1	1.1	1.1	1.1	4.4
<b>Total</b>	<b>\$3.7</b>	<b>\$1.6</b>	<b>\$2.0</b>	<b>\$2.0</b>	<b>\$2.0</b>	<b>\$6.8</b>

# Article 5, Question 3

- State Recreation Projects - \$10.0 million
  - For major capital development projects at state parks, beaches and campgrounds
    - \$1.2 million balance remaining from \$5.0 million in previously approved bonds from 2016
    - Supplants \$7.2 million from previously approved Rhode Island Capital Plan funds
      - \$6.0 million for State Recreational Facilities
      - \$1.2 million for Fort Adams

# Article 5, Question 3

- State Recreational Facilities
  - \$8.5 million of \$10.0 million is for this project in Governor's Capital Plan through post 2023
  - Replaces \$6.0 million approved through FY 2022
    - Comparable funding until post - FY 2023

Fiscal Year	2018	2019	2020	2021	2022	2023	Post 2023	Total
<b>Aprv. RICAP</b>	<b>\$3.7</b>	<b>\$1.6</b>	<b>\$1.9</b>	<b>\$2.1</b>	<b>\$2.0</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$11.3</b>
<b>Governor</b>								
RICAP	\$3.7	\$1.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$5.3
Bond	-	-	2.0	2.0	2.0	2.0	0.5	8.5
<b>Total</b>	<b>\$3.7</b>	<b>\$1.6</b>	<b>\$2.0</b>	<b>\$2.0</b>	<b>\$2.0</b>	<b>\$2.0</b>	<b>\$0.5</b>	<b>\$13.8</b>

# Article 5, Question 3

- Fort Adams
  - \$1.5 million of \$10.0 million is for this project in Governor's Capital Plan through 2023
  - Replaces \$1.2 million approved through FY 2022
    - Comparable funding annually

Fiscal Year	2018	2019	2020	2021	2022	2023	Total
<b>Approved RICAP</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$ -</b>	<b>\$1.5</b>
<b><i>Governor</i></b>							
RICAP	\$0.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$0.3
Bond	-	0.3	0.3	0.3	0.3	0.3	1.5
<b>Total</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$1.8</b>

# Article 5, Question 3

- State Bikeway Development Program - \$5.0 million
  - For designing and constructing bikeways, including the East Bay bike path
  - \$3.3 million balance remaining from \$10.0 million in previously approved bonds from 2016

# Article 5, Question 3

- Brownfield Remediation and Economic Development - \$4.0 million
  - For matching grants to public, private, & non-profit entities to both investigate what types of hazardous materials are present at brownfields & assist in remediation
  - \$6.1 million balance remaining from \$10.0 million in previously approved bonds from 2014 and 2016

# Article 5, Question 3

- Local Recreation Projects - \$5.0 million
  - Grants to municipalities for recreation development & acquisition
    - \$41.3 million in grants to municipalities for over 200 projects since 1988
  - \$3.2 million balance remaining from \$5.0 million in previously approved bonds from 2016

# Article 5, Question 3

- Access to Farmland - \$2.0 million
  - For farmland acquisition through the Agricultural Land Preservation Commission
    - Commission scores applications
    - Goal to eliminate economic pressures on farmers to sell land for residential or commercial development
    - Over 100 farms totaling more than 7,800 acres preserved since 1985
  - \$3.1 million balance remaining from \$7.5 million in previously approved bonds from 2012 and 2014



# Article 5, Question 3

- Local Open Space - \$2.0 million
  - For grants to preserve open space
    - Since 1988, over 130 grants awarded for land acquisition, preserving over 6,200 acres of open space
  - \$4.2 million balance remaining from \$4.5 million in previously approved bonds from 2012 and 2016

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