



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUDGET OFFICE
 One Capitol Hill
 Providence, R.I. 02908-5886

Memorandum

To: The Honorable Raymond E. Gallison, Jr.
 Chairman, House Finance Committee

The Honorable Daniel DaPonte
 Chairman, Senate Finance Committee

From: Thomas A. Mullaney *Thomas A. Mullaney*
 Executive Director/State Budget Officer

Date: May 5, 2015

Subject: Amendments to FY 2016 Appropriations Act (15-H-5900)

The Governor requests that a new budget article be added to the FY 2016 Appropriations Act entitled "Relating to Lease Agreements for Leased Office and Operating Space". The new article consists of joint resolutions requesting General Assembly approval for the State to enter into six property leases for several departments and agencies, including the Department of Human Services, the Department of Environmental Management, the Department of Children, Youth, and Families, the Office of the Public Defender, and the Office of the Secretary of State.

Five of the six joint resolutions request approval for new lease agreements on currently occupied space. Also, the lease costs for the Department of Children, Youth and Families represent the maximum amounts that would be expended during the lease period; the directors of DCYF and Administration are considering relocating some of the DCYF staff to state-owned property on the Pastore Government Center or other less expensive leased spaced and as such costs are expected to be lower than the authorization requested in the resolution. The DCYF office space issue is expected to be resolved during the next few months in advance of the November 30, 2015 lease expiration date. For the Office of Secretary of State, the State Properties Committee intends to seek requests for proposals to relocate staff from the West River Street, Providence property.

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The costs of the new leases for the Department of Human Services, the Department of Children, Youth and Families, the Department of Environmental Management, and the Office of the Public Defender are fully funded in the Governor's FY 2016 budget, or are not significantly different from the amounts in the FY 2016 budget. The FY 2016 cost of a new lease for the Office of the Secretary of State will not be determined until the new lease property is identified. A summary of the property leases requested, the duration of leases, and cost per square foot of the leases are attached.

If you have any questions regarding the requested property leases, please feel free to call me at 222-6300 or John Ryan at 222-4240.

TAM:15-ss-100
Attachments

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Michael DiBiase, Director of Administration
Stephen Newman, Office of the Governor
Jonathan Womer, Director Office of Management and Budget
Gregory Stack, Supervising Budget Analyst

Summary of Leased Office and Operating Space for Requested for FY 2016 Budget

Department or Agency	Address	Current or New Location	Number of Years of Lease	Square Footage to be Leased	Year 1 Cost of Lease*	Year 1 Cost per Sq. Foot	Cost of Total Lease	Average Cost per Sq Foot
Human Services	197 - 211 Buttonwoods Avenue Warwick	Current	5	10,380	\$ 104,942	\$ 10.11	\$ 540,902	\$ 10.42
Human Services	77 Dorrance Street Providence	Current	5	25,812	\$ 362,659	\$ 14.05	\$ 1,968,165	\$ 15.25
Environmental Management	235 Promenade Street Providence	Current	10	126,184	\$ 2,447,970	\$ 19.40	\$ 25,173,708	\$ 19.95
Children, Youth and Families*	101 Friendship Street Providence	Current	10	99,500	\$ 2,349,116	\$ 23.61	\$ 23,988,660	\$ 24.11
Office of Public Defender**	160 Pine Street Providence	Current	10	19,777	\$ 454,375	\$ 22.97	\$ 4,680,206	\$ 23.66
Office of Secretary of State***	TBD	New	10	12,000	\$ 270,000	\$ 22.50	\$ 2,700,000	\$ 22.50

*DCYF leased costs consist of rent, janitorial, and parking costs. First year costs include rent of \$1,990,000 and janitorial and parking costs of \$359,116.
 **Public Defender leased costs consist of rent, janitorial, and parking costs. First year costs include rent of \$365,875 and janitorial and parking costs of \$88,500.
 ***Estimated cost for Office of Secretary of State.

RELATING TO LEASE AGREEMENTS FOR LEASED OFFICE AND OPERATING SPACE

Year	Square Feet	Rate	Annual Rent	Janitorial	Parking
DHS // 197-211 Buttonwoods Ave., Warwick - Lease Start Date: 7/1/2015					
1	10,380	\$ 10.11	\$ 104,941.80	NA	NA
2	10,380	\$ 10.50	\$ 108,990.00	NA	NA
3	10,380	\$ 10.50	\$ 108,990.00	NA	NA
4	10,380	\$ 10.50	\$ 108,990.00	NA	NA
5	10,380	\$ 10.50	\$ 108,990.00	NA	NA
			\$ 540,901.80	NA	NA
DHS // 77 Dorrance Street, Prov. - Lease Start Date: 9/1/2015					
1	25,812	\$ 14.05	\$ 362,658.60	NA	NA
2	25,812	\$ 15.55	\$ 401,376.60	NA	NA
3	25,812	\$ 15.55	\$ 401,376.60	NA	NA
4	25,812	\$ 15.55	\$ 401,376.60	NA	NA
5	25,812	\$ 15.55	\$ 401,376.60	NA	NA
			\$ 1,968,165.00	NA	NA
DEM // 235 Promenade Street, Prov. - Lease Start Date: 7/1/2016					
1	126,184	\$ 19.40	\$ 2,447,969.60	NA	NA
2	126,184	\$ 19.40	\$ 2,447,969.60	NA	NA
3	126,184	\$ 19.40	\$ 2,447,969.60	NA	NA
4	126,184	\$ 19.40	\$ 2,447,969.60	NA	NA
5	126,184	\$ 19.40	\$ 2,447,969.60	NA	NA
6	126,184	\$ 20.50	\$ 2,586,772.00	NA	NA
7	126,184	\$ 20.50	\$ 2,586,772.00	NA	NA
8	126,184	\$ 20.50	\$ 2,586,772.00	NA	NA
9	126,184	\$ 20.50	\$ 2,586,772.00	NA	NA
10	126,184	\$ 20.50	\$ 2,586,772.00	NA	NA
			\$ 25,173,708.00	NA	NA

		Sec. of State // Request for Proposals - Lease Start Date: 1/1/2016				
1	12,000	\$	22.50	\$	270,000.00	NA
2	12,000	\$	22.50	\$	270,000.00	NA
3	12,000	\$	22.50	\$	270,000.00	NA
4	12,000	\$	22.50	\$	270,000.00	NA
5	12,000	\$	22.50	\$	270,000.00	NA
6	12,000	\$	22.50	\$	270,000.00	NA
7	12,000	\$	22.50	\$	270,000.00	NA
8	12,000	\$	22.50	\$	270,000.00	NA
9	12,000	\$	22.50	\$	270,000.00	NA
10	12,000	\$	22.50	\$	270,000.00	NA
				\$	2,700,000.00	NA

NEW ARTICLE

RELATING TO LEASE AGREEMENTS FOR LEASED OFFICE AND OPERATING SPACE

SECTION 1. This article consists of joint resolutions that are submitted pursuant to Rhode Island General Laws § 37-6-2 authorizing lease agreements for office space and operating space for the Department of Human Services; the Department of Environmental Management; the Department of Children, Youth and Families; the Office of Public Defender; and the Office of Secretary of State.

SECTION 2. *Human Services, 197-211 Buttonwoods Avenue, Warwick.*

WHEREAS, the Department of Human Services holds a current lease agreement, in full force and effect, with Floyd Realty Company for 10,380 square feet of space located at 197-211 Buttonwoods Avenue in the City of Warwick; and

WHEREAS, the current lease expires on June 30, 2015 and the Department of Human Services wishes to renew the lease agreement with Floyd Realty Company for a period of five (5) years; 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 Floyd Realty Company that would interfere with the Department of Human Services lease agreement or use of the facility; and

WHEREAS, the leased premises provide a regional location from which the Department of Human Services can serve the needs of the City of Warwick and surrounding communities and otherwise further fulfill the mission of the Department; and

WHEREAS, the annual rent in the lease agreement in the current fiscal year, ending June 30, 2015 is \$103,800.00; and

WHEREAS, the annual rent of the new lease agreement in year one is not to exceed \$104,941.80 and in years two through five is not to exceed \$108,990.00,

WHEREAS, the State Properties Committee now respectfully requests the approval of the House of Representatives and the Senate for the lease agreement between the Department of Human Services and Floyd Realty Company, for the facility located at Buttonwoods Avenue in the City of Warwick; now therefore be it

RESOLVED, that this General Assembly hereby approves the lease agreement, for a term not to exceed five (5) years at a total cost not to exceed \$540,901.80; 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 Director of the Department of Human Services, the Director of Administration, and the Chair of the State Properties Committee.

SECTION 3. *Human Services, 77 Dorrance Street, Providence.*

WHEREAS, the Department of Human Services holds a current lease agreement, in full force and effect, with 57 Associates, LP for 25,812 square feet of space located at 77 Dorrance Street in the City of Providence; and

WHEREAS, the current lease expires on August 31, 2015 and the Department of Human Services wishes to renew the lease agreement with 57 Associates, LP for a period of five (5) years; and

WHEREAS, the State of Rhode Island, acting by and through the Rhode Island Department of Human Services, attests to the fact that there are no clauses in the lease agreement with 57 Associates, LP that would interfere with the Department of Human Services lease agreement or use of the facility; and

WHEREAS, the leased premises provide a central location from which the Department of Human Services can serve the needs of the Rhode Island community and otherwise further and fulfill the mission of the Department; and

WHEREAS, the annual rent in the lease agreement in the current fiscal year, ending June 30, 2015 is \$362,658.60; and

WHEREAS, the annual rent in the new lease agreement in year one is not to exceed \$362,658.60 and in years two through five of the new term is not to exceed \$401,376.60;

WHEREAS, the State Properties Committee now respectfully requests the approval of the House of Representatives and the Senate for the lease agreement between the Department of Human Services and 57 Associates, for the facility located at 77 Dorrance Street in the City of Providence; now therefore be it

RESOLVED, that this General Assembly hereby approves the lease agreement, for a term not to exceed five (5) years and at a total cost not to exceed \$1,968,165.00; 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 Director of the Department of Human Services, the Director of Administration, and the Chair of the State Properties Committee.

SECTION 4. *Environmental Management, 235 Promenade Street, Providence.*

WHEREAS, the Department of Environmental Management currently holds a lease agreement with Foundry Parcel 15 Associates, LLC for approximately 126,184 square feet of office space located at *235 Promenade Street* in the City of Providence; and

WHEREAS, the State of Rhode Island, acting by and through the Department of Environmental Management, attests to the fact that there are no clauses in the lease agreement with Foundry Parcel 15 Associates, LLC that would interfere with the Department of Environmental Management's lease agreement or use of the facility; and

WHEREAS, the current lease expires on July 7, 2016, and the Department of Environmental Management wishes to renew the lease agreement with Foundry Parcel 15 Associates, LLC for a period of ten (10) years; and

WHEREAS, the Department of Administration intends to enter into a Tax Stabilization Agreement with the City of Providence in order to stabilize taxes during the entire lease term; and

WHEREAS, the proposed leased premises will provide a central location from which the Department of Environmental Management can serve the needs of state residents and otherwise fulfill the mission of the Department; and

WHEREAS, the rent in the lease agreement in the current fiscal year, ending June, 2016 is \$2,441,849.00; and

WHEREAS, the annual rent of the new lease agreement in each of the initial five (5) years of the term is not to exceed \$2,447,969.60; and in each of the following five years is not to exceed 2,586,772.00; and

WHEREAS, the State Properties Committee now respectfully requests the approval of the House of Representatives and the Senate for the lease agreement between the Department of Environmental Management and Foundry Parcel 15 Associates, LLC, for the facility located at a 235 Promenade Street in the City of Providence; and

RESOLVED, that this General Assembly hereby approves the lease agreement, for an initial term not to exceed ten (10) years and at a total cost not to exceed \$25,173,708.00; 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 be is hereby authorized and directed to transmit duly certified copies of this resolution to the Director of the Department of Environmental Management, the Director of Administration, and the Chair of the State Properties Committee.

SECTION 5. *Children Youth and Families, 101 Friendship Street, Providence.*

WHEREAS, the Department of Children Youth and Families currently holds a lease agreement with Provident Property, LLC for approximately 99,500 square feet of office space located at 101 Friendship Street in the City of Providence; and

WHEREAS, the State of Rhode Island, acting by and through the Department of Children, Youth and Families, attests to the fact that there are no clauses in the lease agreement with Provident Property, LLC that would interfere with the Department of Children, Youth and Families lease agreement or use of the facility; and

WHEREAS, the current lease expires on November 30, 2015, and the Department of Children, Youth and Families wishes to renew for a period of ten (10) years the lease agreement with Provident Property, LLC; and

WHEREAS, the Department of Administration intends to enter into a Tax Stabilization Agreement with the City of Providence in order to stabilize taxes during the entire lease term; and

WHEREAS, the Rhode Island Department of Children, Youth and Families wishes to to renew the lease agreement with Provident Property, LLC for a period of ten (10) years; and

WHEREAS, the leased premises provide a central location from which the Department of Children, Youth and Families can serve the needs of state residents and otherwise fulfill the mission of the Department; and

WHEREAS, the rent in the lease agreement in the current fiscal year ending June 30, 2015 is \$2,052,240; and

WHEREAS, the additional rent for janitorial services and parking in the current fiscal year ending June 30, 2015 is \$344,712.00; and

WHEREAS, the annual rent of the new lease agreement in each of the initial five (5) years of the term is not to exceed \$1,990,000.00; and in second five (5) years is not to exceed \$2,089,500.00; and

WHEREAS, the additional rent for janitorial services and parking in each year of the new term is not to exceed \$359,116.00; and

WHEREAS, the State Properties Committee now respectfully requests the approval of the House of Representatives and the Senate for the lease agreement between the Department of Children, Youth and Families and Provident Property, LLC, for the facility located at a 101 Friendship Street in the City of Providence; now therefore be it

RESOLVED, that this General Assembly approves the lease agreement, for a term not to exceed ten (10) years and at a total cost not to exceed \$23,988,660.00; 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 Director of the Department of Children, Youth and Families, the Director of Administration, and the Chair of the State Properties Committee.

SECTION 6. Office of Public Defender, 160 Pine Street, Providence.

WHEREAS, the Office of Public Defender currently holds a lease agreement with Forward Point, LLC for approximately 19,777 square feet of office space located at 160 Pine Street in the City of Providence; and

WHEREAS, The State of Rhode Island, acting by and through the Office of Public Defender, attests to the fact that there are no clauses in the lease agreement with Forward Point, LLC that would interfere with the Office of Public Defender's lease agreement or use of the facility; and

WHEREAS, the aforementioned lease expires on March 31, 2016 and the Office of Public Defender wishes to renew the lease agreement with Forward Point, LLC for a period of ten (10) years; and

WHEREAS, the Department of Administration intends to enter into a Tax Stabilization Agreement with the City of Providence in order to stabilize taxes during the entire lease term; and

WHEREAS, the proposed leased premises will provide a central location from which the Office of Public Defender can serve the needs of state residents and otherwise fulfill the mission of the Office; and

WHEREAS, the annual rent in the lease agreement in the current fiscal year, ending June 30, 2015 is \$352,063.00; and

WHEREAS, additional rent for janitorial services and parking in the current fiscal year, ending June 30, 2015 is \$88,500.00; and

WHEREAS, the annual rent of the new lease agreement in each of the initial five (5) years of the term is not to exceed \$365,874.50; and in the following five (5) years is not to exceed \$393,166.76; and

WHEREAS, the additional rent for janitorial and parking in each year of the new ten (10) year term is not to exceed \$88,500.00.

WHEREAS, the State Properties Committee now respectfully requests the approval of the House of Representatives and the Senate for the lease agreement between the Office of Public Defender and Forward Point, LLC, for the facility located at 160 Pine Street in the City of Providence; now therefore be it

RESOLVED, that this General Assembly hereby approves the lease agreement, for a term not to exceed ten (10) years and at a total cost not to exceed \$4,680,206.30; 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 Director of the Office of Public Defender, the Director of Administration, and the Chair of the State Properties Committee.

SECTION 7. Office of Secretary of State, Providence

WHEREAS, the Office of Secretary of State currently holds a lease agreement with West River Development, LLC for approximately 12,152 square feet of office space located at 148 West River Street in the City of Providence; and

WHEREAS, the aforementioned existing lease expires on December 31, 2015 and the Office of Secretary of State wishes to advertise a Request for Proposals to secure a new office space located in the City of Providence; and

WHEREAS, the Department of Administration intends to enter into a Tax Stabilization Agreement with the City of Providence in order to stabilize taxes during the entire lease term; and

WHEREAS, the proposed leased premises will provide a location from which the Office of Secretary of State can serve the needs of the Providence and surrounding communities and otherwise fulfill the mission of the Office; and

WHEREAS, the rent in the lease agreement in the current fiscal year, ending June 30, 2015 is \$337,704.08; and

WHEREAS, the annual rent of the new lease agreement in each of the ten (10) years of the term is not to exceed an estimated amount of \$270,000.00; and

RESOLVED, that this General Assembly hereby approves the lease agreement, for a term not to exceed ten (10) years and at a total cost not to exceed an estimated amount of \$2,700,000.00; 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 Office of Secretary of State, the Director of Administration, and the Chair of the State Properties Committee.

SECTION 8. This article shall take effect upon passage.