

Governor's FY 2015 Budget: Articles

Staff Presentation to the House Finance
Committee
February 27, 2014

Introduction

- Article 5
 - Question 4: Environment
- Article 8 – Water Supplies

Assembly Role

- Appropriate Pay-Go (Articles 1 and 10)
- Approve General Obligation Bond Referenda
 - Voters approve or reject
 - Debt service automatic

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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
 - When will it be complete

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Funding Considerations

- Should a project be financed or pay-go
 - Rhode Island Capital Plan funds available as pay-go for all or part of project
 - More pay-go equals less future debt service

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General Obligation Bonds

- 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

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

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Bond Referenda – November 2014

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

Assumes 5% rate and 20 year maturity

Data in millions

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Article 5, Question 4

- Question 4 – Clean Water, Open Space and Healthy Communities
- \$75.0 million
 - \$40.0 million for DEM projects
 - \$20.0 million for Clean Water State Revolving Fund
 - \$15.0 million for Water Facilities Assistance

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Article 5, Question 4

- Question 4 – Clean Water, Open Space and Healthy Communities
 - \$40.0 million for DEM projects
 - Total of 13 project components:
 - Adds funding for 8 existing programs
 - Funds 5 new programs

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Article 5, Question 4

- Existing projects:

Brownfields Remediation	\$5.0
Park & Management Area Improvements	4.0
State Open Space	4.0
Local Rec. Development Grants	4.0
Local Open Space	3.0
Farmland Development	3.0
Distressed Comm. Relief Grants	1.0
Local Agriculture & Seafood	0.5
Total	\$24.5

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Article 5, Question 4

- New projects:

Marine Infrastructure & Pier Dev.	\$4.3
Green Infrastructure Grants	4.0
Shellfish Management & Restoration Facility	3.2
Flood Prevention	3.0
Lake Recreation & Restoration	1.0
Total	\$15.5

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Article 5, Question 4

- 2012 voters approved \$20.0 million of recreation and development bonds:

Local Recreational Development Grants	\$5.5
Farmland Development	4.5
Narragansett Bay Watershed	4.0
State Open Space	2.5
Local Open Space	2.5
Historic & Passive Grants	1.0
Total	\$20.0

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Article 5, Question 4

Projects	Approved Bonds (2004–2012)	Available from Prior Bonds
Local Open Space	\$12.5	\$7.6
Farmland Development	9.5	5.5
State Open Space	15.0	3.7
Local Rec. Development	14.5	8.5
State Recreation Facilities	5.0	1.3
Total	\$56.5	\$26.6

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Article 5, Question 4

- State Recreational Facilities
 - Governor's FY 2015 – FY 2019 Capital Budget reduces approved 5-year RI Capital Plan funds by \$8.3 million
- Even with \$4.0 million of general obligation bonds, total for project is \$4.3 million below current approved

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Article 5, Question 4

- \$20.0 million for Clean Water State Revolving Fund
 - Subsidized loans for local governments to finance wastewater infrastructure projects
 - Increase capacity for cities and towns to borrow

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Article 5, Question 4

- Project Priority Lists compiled by DEM and DOH identify project needs totaling approximately
 - \$1.8 billion for clean water projects
 - \$72.5 million for drinking water projects

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Article 5, Question 4

- 2004 and 2012 voters approved a total of \$30.5 million in new bonds for CWFA
- Of \$20.0 million approved in 2012
 - \$12.0 million for Clean Water State Revolving Fund
 - \$8.0 million for Drinking Water State Revolving Fund
- 2012 bond was used to fund state match for federal grants CWFA receives
 - \$13.0 million remains unused from 2012

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Article 5, Question 4

- Clean Water Finance Agency indicates \$20.0 million of new G.O. bonds would be used to increase its lending capacity
 - Finance additional projects in cities and towns
 - Not limited to matching funds
 - Full amount could be loaned without leveraging federal funds

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Article 5, Question 4

- \$15.0 million for Water Facilities Assistance
 - Grants to local water suppliers to implement water resource programs
 - If this question is approved, Budget also authorizes construction of interconnections between water supplies
 - Detail of this project is included in Article 8

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Article 8

- 1992 Assembly mandated the state to upgrade Bristol County's treatment facilities
 - RIGL 46-15.5
- Mandate consisted of 3 projects
 - Construction of Shad Factory Pipeline
 - Upgrade Authority's water treatment facility
 - Repairs reservoir facilities located mainly in Massachusetts

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Article 8

- Upgrade the Treatment Facility
 - To comply with the federal Safe Drinking Water Act
 - Minor upgrades completed; however, not in operation
- Facility cannot meet standards of EPA and Department of Health
- Water Resources Board estimated the costs to bring facility up to par would be \$35.0 million

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Article 8

- Shad Factory Pipeline
 - Major construction was completed in the 1990s
 - Small repairs have been completed over the years
- Voters approved \$5.0 million in bonds to complete the Shad Factory Pipeline
 - Requires relocation of pipe from wetland area to local road
 - WRB indicates that Town of Rehoboth has refused to issue the permit

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Article 8

- Shad Factory Pipeline
 - Language on the \$5.0 million restricts the use of the funds to just the Shad Factory Pipeline
 - Absence of a permit, cannot proceed
 - Board indicates that funds will be used for maintenance, which could cost as much as \$10.0 million

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Article 8

- Bristol County & East Providence residents currently obtaining their water supply from Scituate Reservoir
 - Cross Bay Pipeline project, involved connection of 30-inch pipes, which are more than 200 feet below the Narragansett Bay
 - In the event of a leak, would be difficult to fix on a timely manner

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Article 8

- Article proposes construction of water interconnections between:
 - Pawtucket Water Supply Board, East Providence Water Division, and Bristol County Water Authority
- Contingent on \$15.0 million proposed referendum for Water Facilities Assistance in Article 5 being approved

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Article 8

- Project includes installation of 7 miles of 30-inch pipes from Pawtucket to East Providence and Bristol County
- Pawtucket completed major overhaul on its water facility in 2008
 - It has the capacity

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Article 8

- Estimated total project cost is \$27.0 million
 - \$13.5 million would be paid from new bonds
 - Remaining half in proportions to be established by the WRB
- The article takes effect upon passage

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