

Governor's FY 2017 Budget: Articles

Staff Presentation to the House Finance
Committee
March 9, 2016

Introduction

- Article 5
 - Question 3: Green Economy
 - Question 4: Housing Opportunity
 - Question 6: Veterans' Home

Assembly Role

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

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

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

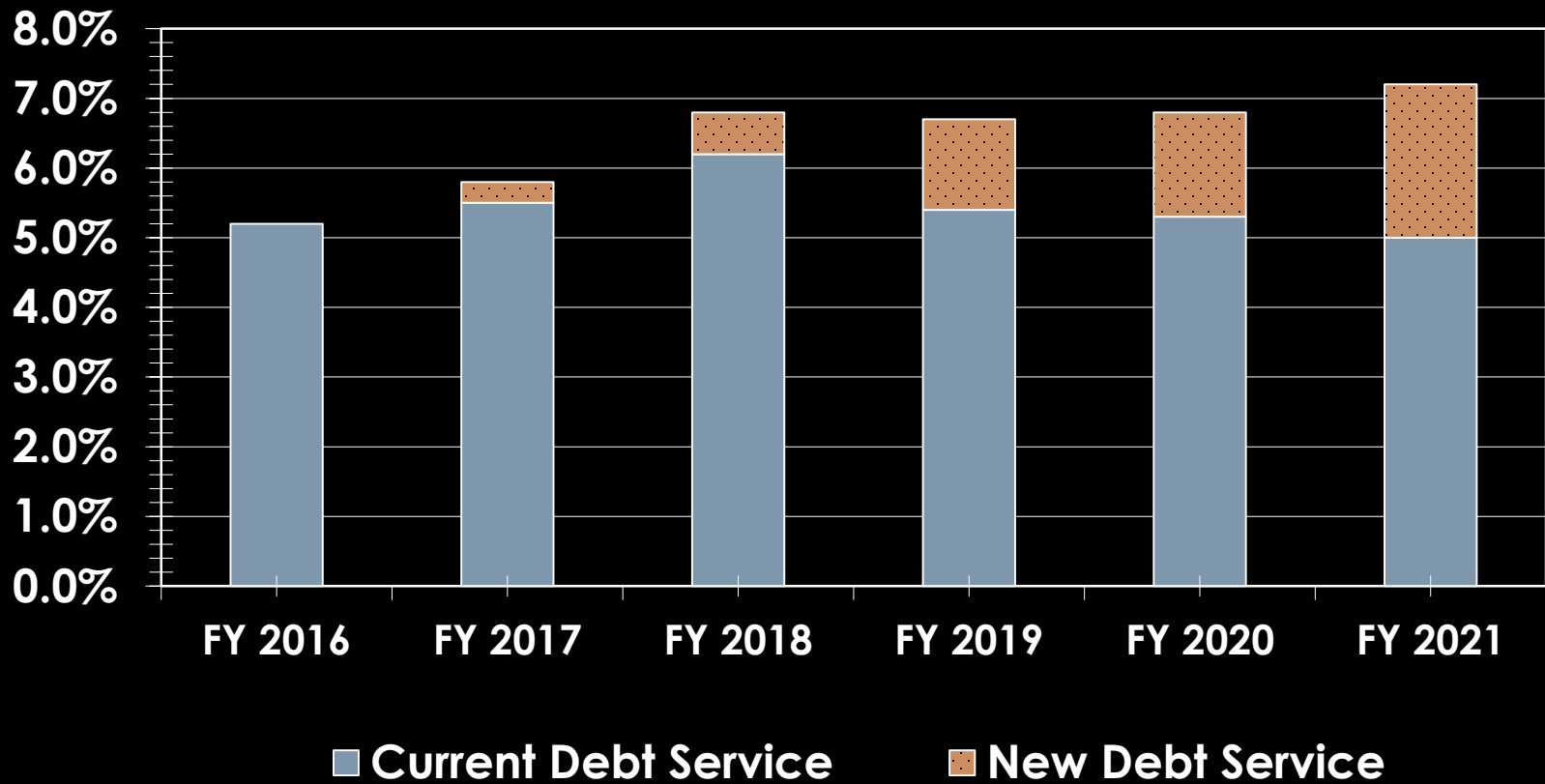
Funding Considerations

- State's overall debt structure
 - Net tax supported debt would increase by \$51.3 million to \$1,727.1 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 Ratios

- Debt as a percent of personal income would decrease from 3.6% in FY 2015 to 2.9% into FY 2017
 - Refunding of state debt
- Would then drop to 2.6% in FY 2021, but likely to be higher based on projects being added

Debt Service as Percent of Useable Revenues



General Obligation Bonds

- Gov. proposes \$257.5 million of new GO bonds for Nov. 2016 ballot
 - URI Engineering/ Innovative Campus
 - Quonset Piers
 - Green Economy
 - Affordable Housing
 - School Construction
 - Veterans' Home

Bond Referenda – November 2016

Project	Amount
URI Engineering Phase II (March 17)	\$25,500,000
Innovation Campus (March 17)	20,000,000
Quonset Piers (April 5)	70,000,000
<i>Green Economy</i>	35,000,000
<i>Affordable Housing</i>	40,000,000
School Construction (March 31)	40,000,000
<i>Veterans' Home</i>	27,000,000
Total	\$257,500,000

Bond Referenda – November 2016

Project	Annual Debt Service	Total Cost
URI Engineering Phase II	\$2.1	\$40.8
Innovation Campus	1.7	32.0
Quonset Piers	5.8	112.1
Green Economy	2.9	56.0
Affordable Housing	3.3	64.1
School Construction	3.3	64.1
Veterans' Home	2.2	43.2
Total	\$21.3	\$412.3

Data in millions; assumes 5% rate and 20 year bonds

Article 5, Question 3

Green Economy Projects	
Historic State Park Development	\$7.0
State Open Space	4.0
Brownfields Remediation	5.0
Local Rec. Development Grants	2.0
Local Open Space	4.0
State Bikeway Development	10.0
Stormwater Pollution Prevention	3.0
Total	\$35.0

Article 5, Question 3

- Historic State Park Development - \$7.0 million
 - Same as state recreational facilities project, new name
 - Bond funding for improvements at Brenton Point, Colt, Fort Adams, and Goddard state parks
- State Open Space - \$4.0 million
 - State's purchase of land, development rights, and conservation easements

Article 5, Question 3

- Brownfields Remediation - \$5.0 million
 - Remediate abandoned industrial sites
- Local Recreation Dev. Grants - \$2.0 million
 - For communities to develop, acquire or renovate recreation facilities
- Local Open Space - \$4.0 million
 - For municipalities, local land trusts, and non-profits to preserve open space

Article 5, Question 3

- State Bikeways - \$10.0 million
 - Design and construct bikeways
 - Includes Blackstone River and South County
 - DOT's proposed 10-year plan includes \$68 million for bike path projects
 - Primarily federal sources
 - DEM's capital budget includes \$1.4 million from RICAP for Blackstone Valley bike path and associated park improvements
 - Agency designation/role not clear

Article 5, Question 3

- Stormwater Pollution Prevention Program - \$3.0 million
 - Matching grants to public, private, and non-profit entities to reduce stormwater pollution
 - Would be managed through existing DEM program related to water quality improvements
 - Funded from prior bonds

Article 5, Question 3

Projects	Approved Bonds (2004–2014)	Available from Prior Bonds
Local Open Space	\$12.5	\$5.7
Brownfields Remediation	5.0	1.3
State Open Space	15.0	2.4
Local Rec. Development	18.0	10.4
State Recreation Facilities	5.0	1.3
Narra. Bay & Watershed	12.5	6.8
Total	\$68.0	\$27.8

Article 5, Question 3

- 2014 voters approved \$33.0 million of recreation and development bonds:

2014 Ballot	
Brownfield Remediation	\$5.0
Flood Prevention	3.0
Farmland Development	3.0
Local Recreation Development Grants	4.0
Roger Williams Park/Zoo	18.0
Total	\$33.0

Article 5, Question 4

- Question 4 allows state to issue an additional \$40.0 million in bonds for Affordable Housing
 - New building construction
 - Rehabilitation of buildings for new units
 - Preservation of existing buildings and units
 - Proportion for each not specified
 - Language regarding foreclosure assistance as allowable use was inadvertent

Article 5, Question 4

- 2006 and 2012 Voters approved total G.O. bond issuances of \$75.0 million for Affordable Housing
 - New building construction
 - Rehabilitation of buildings for new housing units
 - Rental units for families with income up to 80% of area median income
 - Ownership units for families with income up to 100% of area median income

Article 5, Question 4

- 2006 Ballot - \$50.0 million
 - \$40.0 million for construction of new rental units – 1,002 units built
 - \$10.0 million for construction of units for homeownership – 251 units built
 - Construction essentially complete and developers reimbursed
 - 1,253 units
 - Also specified \$12.5 million per year

Article 5, Question 4

- 2012 Ballot - \$25.0 million
 - No specific allocation
 - 783 units built
 - 558 rental units built
 - 213 special needs or Opening Doors housing rental units built
 - 12 homeownership units built
 - Governor's recommended capital plan includes the remaining \$15.7 million in available funds for FY 2016

Article 5, Question 4

- FY 2016 enacted - \$3.0 million from debt refinancing proceeds to Rhode Island Housing
- FY 2017 recommended - \$1.0 million
 - Support preservation and rehab of existing affordable housing
 - Provide deferred loans to existing affordable housing developments and Public Housing Authorities

Article 5, Question 6

- 2012 Voters approved a bond not to exceed \$94.0 million for construction of a new Veterans' Home and renovation to existing facilities
- Original plan was a 300-bed facility
 - 225 nursing beds & 75 assisted living ones
- Bond question required that any federal funding made available would reduce the amount of borrowed funds

Article 5, Question 6

- Federal govt. issued new guidelines
- New design for 208-bed project costs \$120.5 million
 - 192 nursing beds & 16 dormitory
 - Community Living Center design with separate rooms around common areas

Fund Sources	Original Est.	Revised Est.	Change
State	\$72.0	\$60.0	(\$12.0)
Federal	22.0	60.5	38.5
Total	\$94.0	\$120.5	\$26.5

Article 5, Question 6

- Question 6 allows the state to issue an additional \$27.0 million in bonds to complete the project
- Totalled borrowed by state would be approximately \$60 million
- Reflects the availability of \$60.6 million in federal reimbursements
- Cost to the state would be about \$12 million less than originally estimated

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