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
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

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
Kushner Items

Certificate of Participation (COPS)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Technology</td>
<td>$30.0</td>
</tr>
<tr>
<td>Virks Building Renovation</td>
<td>13.0</td>
</tr>
<tr>
<td>Historic Structures Tax Credits (Art. 15)</td>
<td>52.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$95.1</strong></td>
</tr>
</tbody>
</table>

Kushner Items

Revenue Bonds (in millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>T.F. Green Improvements - including Runway Extension</td>
<td>$60.0</td>
</tr>
<tr>
<td>Garrahy Courthouse Parking</td>
<td>45.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$105.0</strong></td>
</tr>
</tbody>
</table>
Article 4, Section 4 – Garrahay Courthouse Parking Garage

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

- Land currently has 188 spaces of surface parking
  - Land is state-owned

- Used by Court employees

- In evenings, managed by Central Parking
Article 4, Section 4 – Garrahy Courthouse Parking Garage

Legislation:

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

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 construct a 1,135 space garage - no approval was requested
Article 4, Section 4 – Garrahry Courthouse Parking Garage

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

Article 4, Section 4 – Garrahry Courthouse Parking Garage

- 2013 Assembly established an 11-member commission to make a comprehensive study and issue findings
- The Commission met two times before issuing report
Article 4, Section 4 – Garrahyn Courthouse Parking Garage

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

- 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
Articde 4, Section 4 – Garrahy Courthouse Parking Garage

- 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

Consideration

- Will state be obligated to cover shortfalls for all occurrences?
- Displacement - where will current employees park during construction?
- How will it operate?
Article 5: 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

Bond Referenda – November 2014

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education (Feb. 26)</td>
<td>$125,000,000</td>
</tr>
<tr>
<td>Transportation (Feb. 25)</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Water Infrastructure (Feb. 27)</td>
<td>$35,000,000</td>
</tr>
<tr>
<td>Environment &amp; Recreation (Feb. 27)</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Arts (Feb. 26)</td>
<td>$35,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$275,000,000</strong></td>
</tr>
</tbody>
</table>
### Bond Referenda – November 2014

<table>
<thead>
<tr>
<th></th>
<th>Annual Debt Service</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education</td>
<td>$10.3</td>
<td>$200.2</td>
</tr>
<tr>
<td>Transportation</td>
<td>3.3</td>
<td>64.1</td>
</tr>
<tr>
<td>Water Infrastructure</td>
<td>2.9</td>
<td>56.1</td>
</tr>
<tr>
<td>Environment</td>
<td>3.3</td>
<td>64.1</td>
</tr>
<tr>
<td>Arts</td>
<td>2.9</td>
<td>56.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$22.8</strong></td>
<td><strong>$440.6</strong></td>
</tr>
</tbody>
</table>

Assumes 5% rate and 20 year maturity  
Data in millions

### 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
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

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

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
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

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
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"

 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
Items to Consider

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

Items to Consider

- 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
Governor’s FY 2015 Budget:
Articles

Staff Presentation to the House Finance Committee
May 15, 2014