

Analysis of State Bond Commission Agenda Items

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OFFICE OF FISCAL ANALYSIS

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General Obligation (GO) Bonds		
	Item #	New Allocation \$
Department of Administrative Services		
School building projects - Principal and current payments	21	301,200,000
Department of Correction		
Renovations and improvements to existing state-owned buildings	10, 11	2,233,830
Department of Economic and Community Development		
Manufacturing Assistance Act (MAA) - Economic Development and Manufacturing Assistance Act of 1990 and the Connecticut job training finance demonstration program	18	10,000,000
Department of Energy and Environmental Protection		
Grants-in-aid for identification, investigation, containment, removal or mitigation of contaminated industrial sites in urban areas	15	2,000,000
Department of Housing		
Crumbling Foundations Assistance Fund	6	20,000,000
Department of Motor Vehicles		
Alterations, renovations and improvements to buildings and grounds	14	1,115,500
Department of Veterans' Affairs		
Multiple Programs	7, 8, 13	1,285,072
Military Department		
Alterations, renovations and improvements to the drill shed at the William A. O'Neill Armory in Hartford	1	500,000
State matching funds for construction of a warehouse at Camp Hartell in Windsor Locks	2	250,000
State matching funds for anticipated federal reimbursable projects	9	425,000
Alterations and improvements to buildings and grounds, including utilities, mechanical systems, energy conservation	16	1,000,000
Office of Policy and Management		
Information Technology Capital Investment Program	3	14,577,281
GO new allocation subtotal		354,586,683

STO		
	Item #	New Allocation \$
Department of Transportation		
Environmental compliance, soil and groundwater remediation at or in the vicinity of state-owned properties	4	1,900,000
Fix-it-First program to repair the state's bridges	5	15,491,810
Let's Go Connecticut infrastructure improvement program	12	3,000,000
STO new allocation subtotal		20,391,810

The following is intended to provide legislative members of the State Bond Commission (SBC) with additional information and analysis of the items on the agenda.

I. Summary

Calendar Year 2019 General Obligation (GO) Bonds

Total New GO Bond Allocations by Month	2019 \$	2018 \$
February Agenda		381,871,361
April Agenda	115,900,704	154,013,479
May Agenda		
June Agenda	287,886,324	233,258,508
Allocations Effective July 1	462,261,428	322,525,000
July Agenda		328,805,588
(Current Agenda) September Agenda	354,586,683	497,433,071
November Agenda		
December Agenda		111,708,830
CY Total Through September	1,220,635,139	1,917,907,007
CY Total		2,029,615,837
CY Allocation Cap	2,079,000,000	2,036,000,000
Allocation Remaining Under Cap	858,364,861	6,384,163

C.G.S. 3-21 (as amended by P.A. 17-2 (JSS) Sec. 712) limits GO bond allocations at \$2 billion per calendar year beginning in CY 17. Based on annual CPI, the limit for CY 19 is \$2,079 million. Based on current law and past bond commission action, \$462 million of GO bond allocations became effective on July 1, 2019, primarily for UConn 2000 (\$292 million) and CSUS 2020 (\$126 million). In limited circumstances, this figure is subject to change if the underlying law is altered.¹

Calendar Year 2019 Special Tax Obligation (STO) Transportation Bonds

Total New STO Bond Allocations by Month	2019 \$	2018 \$
February Agenda		482,265,199
April Agenda	159,736,062	114,584,199
May Agenda		
June Agenda	113,591,250	165,037,829
Allocations Effective July 1		
July Agenda		529,986,587
(Current Agenda) September Agenda	20,391,810	299,410,392
November Agenda		
December Agenda		91,601,722
CY Total Through September	293,719,122	1,591,284,206
CY Total		1,682,885,928

¹ Executive and Legislative bond proposals presented during the 2019 regular session included revisions that would reduce the amount of bonds authorized and allocated for these programs by \$140 million in FY 20. To date, no bond package has been adopted.

II. Agenda Items

Item #1: Military Department: Alterations, Renovations and Improvements to the Drill Shed at the William A. O'Neil Armory in Hartford (\$500,000 in new GO bonds)

This request is for funding of \$500,000, which is the state portion of projects totaling \$1 million. The remaining \$500,000 is provided by federal funds. The funding is for repairs and renovations to the Drill Shed at the William A. O'Neil Armory in Hartford. The repairs and renovations consist of: structural repairs underneath the wooden floor, bidding documents to refinish the floor, paint existing walls and ceiling surfaces, new sound system, and new messaging board.

Item #2: Military Department: State Matching Funds for Construction of a Warehouse at Camp Hartell in Windsor Locks (\$250,000 in new GO bonds)

This request is for funding of \$250,000, which is the state portion of projects totaling \$1.25 million. The remaining \$1 million is provided by federal funds. The funding is for costs associated with the construction of a warehouse at Camp Hartell in Windsor Locks. The project consists of a warehouse design study which will review the 2006 Master Plan of Camp Hartell and develop an overall phasing methodology to construct a new warehouse. The current building was constructed during World War II and is well past its useful life span.

Item# 3 Office of Policy and Management: IT Capital Investment Program (\$14,577,281 in new GO bonds)

This funding will be used to develop and implement information technology enhancements for the Department of Revenue Services (DRS) and the Office of Health Strategy (OHS). The table below shows the breakdown of the allocation.

Funding for the Information Technology Capital Improvement Program

Description	DRS \$	OHS \$
Consultant Services	11,350,000	3,221,281
Hardware	-	6,000
Total	11,350,000	3,227,281

Funding will be used for the following projects:

DRS- Development of the CTax IT Modernization tax management program. The program will enhance online services to taxpayers, and improve data security and analytics. The program will also improve processing, collection, and audit processes for DRS personnel. This request is in addition to \$13.75 million allocated to DRS in April 2018 for the modernization of the agency's tax system.

OHS- Development of the Health Information Exchange to integrate electronic health record systems. This is intended to facilitate the exchange of health data across state agencies and ensure compliance with HIPAA.

Item #4 Department of Transportation: Environmental Compliance (\$1,900,000 in new STO bonds)

These funds will be used to finance the replacement of underground fuel and waste storage tanks at the East Lyme and the Norwich Fleet Service garages.

Item #5 Department of Transportation: Fix-It-First Program to Repair the State's Bridges (\$15,491,810 in new STO bonds)

These funds will be used to finance various bridge repairs and bridge deck joint replacements projects.

Item #6 Department of Housing: Crumbling Foundations Assistance Fund (\$20,000,000 in new GO bonds)

The funds are requested to capitalize the Crumbling Foundations Assistance Fund (CFAF), operated by the captive insurance company, Connecticut Foundation Solutions Indemnity Company, Inc. (CFSIC). This request brings the allocated total to \$60 million. PA 17-2 Sec. 553 authorizes up to \$100 million for the CFAF, at \$20 million annually for five years beginning in FY 18. PA 18-160 created an insurance surcharge that will also generate funding for the CFAF, beginning in FY 20.

Homeowners affected by pyrrhotite in their foundations were able to begin applying for financial assistance with replacing crumbling foundations starting in January 2019. As of August, CFSIC has identified 1,112 such claimants and has already paid out \$13 million in assistance, according to its recently released annual report.² CFSIC has currently suspended the signing of new Participation Agreements (which allow funds to be released) and the taking of new applications while it waits for this requested funding. Based on its internal data, CFSIC now estimates the extent of the crumbling foundations crisis at up to 5,000 homes in the northeast corner of Connecticut.

Items #7, 8, and 13: Department of Veteran Affairs: American with Disabilities Act and Other State Building Improvements (\$1,638,061 combined in new GO bonds)

The funding requested is for the state portion of upgrades to three buildings on the Department of Veteran Affairs (DVA) campus in Rocky Hill. The upgrades are for American with Disabilities Act (ADA) and fire code improvements. These requests will provide the state portion (\$1,638,061) to the project which totals \$3,249,335. The remaining \$1,611,274 is provided by federal funds.

Buildings number 2, 3, and 4 are being upgraded on the DVA campus. Building 2 features the main kitchen, dining room, and security headquarters, while 3 and 4 are veteran residential buildings. The project consists of upgrading walkways, stairwells, building access, bathroom access, adding chair lifts to the main dining room, and fire code improvements.

Item #8 – see item #7

² https://crumblingfoundations.org/wp-content/uploads/2019/09/1.-Memo_CFSIC_Annual_Report-1.pdf

Item #9: Military Department: State Matching Funds for Anticipated Federal Reimbursable Projects (\$425,000 in new GO bonds)

This request is for funding of \$425,000, which is the state portion of projects totaling \$850,000. The remaining \$425,000 is provided by federal funds. Funding is requested for the projects listed below.

- Exterior repairs and upgrades (Branford, Enfield, Norwich, Rockville): designs to repair brick facades, install new windows, upgrade security, and other exterior improvements at the facilities. The four facilities have an average age of 50 years old.
- Boiler replacement, New London Armory: replace the boiler and hot water heater with new efficient natural gas condensing boilers. The current boiler has reached the end of its useful life and will require extensive repairs (approximately \$75,000) to maintain if not replaced.

Item #10: Department of Correction: Alterations, Renovations and Improvements to Existing State-Owned Buildings (\$1,096,126 in new GO bonds)

The funding requested is for construction (\$806,933), contingency (\$80,693), architect/engineer fee (\$9,000), special inspections (\$15,000), testing (\$37,000), construction administrator (\$60,000), and a DAS fee (\$87,500) for garage improvements and repairs at the MacDougal-Walker Correctional Institution in Suffield. Previously \$177,000 was allocated to this project for the architect/engineer's fee (\$127,000) and the DAS fee (\$50,000).

The project consists of upgrading the 80,631 square foot garage which has been deteriorating the past several years. The repairs will involve extensive improvements which will rehabilitate the entire 25 year-old garage structure towers. Surface parking is inadequate and building additional parking is not an option due to the wetlands around the facility and this structure is needed to accommodate staff and visitor parking.

Item #11: Department of Correction: Alterations, Renovations and Improvements to Existing State-Owned Buildings (\$1,137,704 in new GO bonds)

Funding of \$1,137,704 is requested for the projects listed below.

- *Design Masonry Building Exterior and Perimeter Wall Repairs (\$38,162) – Cheshire Correctional Institution:* Funds are requested to repair the deterioration of caulked joints, concrete coping joints, coping caps, and all brick pointing on various sections of walls.
- *Design Fire Alarm System Upgrades (\$160,000) – Northern Correctional Institution, Somers:* Funds are requested to upgrade the fire alarm system. The current system is obsolete and no longer supported and parts are not available.
- *Phone System Replacement (\$455,272) – Northern Correctional Institute, Somers:* The original phone switch is obsolete and parts and support are no longer available. The project will replace the phone system using BEST protocols and contracts for Telecom work.
- *Door Control System Upgrade (\$484,270) – MacDougal-Walker Correctional Institution, Suffield:* The door control system is a critical part of the security at the facility, it operates the locking and unlocking of all cell and corridor doors. The current system was installed in 1992 and is 27 years old and support and parts are no longer available.

Item #12 Department of Transportation: Let's Go, CT! (\$3,000,000 in new STO bonds)

These funds will be used to finance the continued design for rehabilitation of the Route 15 West Rock Tunnel and interchange 59 in Woodbridge and New Haven.

Item #13 – see item #7

Item #14 Department of Motor Vehicles: Alterations, Renovations and Improvements to Buildings and Grounds (\$1,115,500 in new GO bonds)

These funds will be used for the replacement of a roof and 24 year-old HVAC roof top units at the Norwalk Department of Motor Vehicles. The construction contract was awarded on May 29, 2019.

Specific components of the repair are outlined in the bond commission agenda.

Item #15 Department of Energy and Environmental Protection: Grants-in-Aid for Containment, Removal or Mitigation of Contaminated Industrial Sites in Urban Areas (\$2,000,000 in new GO bonds)

This allocation will be used for demolition and environmental remediation of a public housing complex at 40 Crystal Avenue in New London. Adjacent to the state pier, this property will be available for industrial development after remediation is complete.

The site has been classified as a state superfund site.³ Over \$25 million was allocated to the state pier in New London in 2018. Additionally, over \$25 million of allocations for related projects near the state pier was allocated in the last two years.

Item #16: Military Department: Alterations and Improvements to Buildings and Grounds, Including Utilities, Mechanical Systems and Energy Conservation (\$1,000,000 in new GO bonds)

The request is for funding of \$1 million, which is the state portion of projects totaling \$2 million. The remaining \$1 million is provided by federal funds. The funding is requested for various energy conservation projects at buildings in Hartford, Southington, New Haven, Stratford, Branford, Windsor Locks Readiness Center, Camp Nett (Niantic), Rockville, Enfield, Norwich, Waterbury, Westbrook, Avon, and Newtown. The projects include converting all fixtures to LED lighting, installation and upgrade of building management systems to lower utility costs and increase energy efficiency in the buildings. The average return on investment for this type of project is 7 years.

³ Superfund is an environmental program established to address abandoned hazardous waste sites. It is any site that has been identified by the Environmental Protection Agency (EPA) as a candidate for cleanup because it poses a risk to human health and/or the environment. These sites are placed on the National Priorities List (NPL). It is also the name of the fund established by the Comprehensive Environmental Response, Compensation and Liability Act of 1980. This law was enacted in the wake of the discovery of toxic waste dumps such as Love Canal and Times Beach in the 1970s. It allows the EPA to clean up such sites and to compel responsible parties to perform cleanups or reimburse the government for EPA-lead cleanups. If EPA does the cleanup work using Superfund money, it will try to recover those costs from responsible parties. The state's cost share is typically 10% for privately-owned properties, and 50% for state or municipally-owned properties, with the federal government financing the remainder.

Item #17 Department of Education: Capital Start-Up Costs Related to Sheff Magnets (\$2,973,565 in reallocated GO Bonds)

These funds will be used to adapt the existing classroom space to meet specific needs of the incoming Montessori magnet program. The funds had previously been allocated from the same bond program to the Montessori school, prior to the school being placed in a permanent location.

Background: The Batchelder School is one of several locations in Hartford that may be part of renovation plans in the near future, as it is part of Hartford's District Model for Excellence Restructuring Recommendations and School Closures. The 2019 school construction bill, PA 19-1 July Special Session, adjusted Hartford's reimbursement rate for certain future construction projects, including Batchelder, from 80 to 95%. Application for a fuller renovation of Batchelder, beyond those enabled by this bond commission allocation, is anticipated prior to FY 23.

Item #18 Department of Economic and Community Development: Manufacturing Assistance Act (\$10,000,000 in new GO bonds)

The allocation will support the second installment of funds for the Apprenticeship Connecticut Initiative program. These funds, in conjunction with the previously allocated \$5 million, will finance workforce pipeline enrollment and job placements with manufacturers and employers in industry sectors in the state that are experiencing sustained workforce shortages.

The State Bond Commission previously allocated \$5 million to provide the initial funding for the Apprenticeship Connecticut Initiative under the Department of Labor (DOL). Through a Request for Qualification process, DOL selected Northwest Regional Workforce Investment Board, Inc. and Workforce Alliance to implement the program, which began this past spring.

Background: PA 18-178 enacted the Apprenticeship Connecticut Initiative program to develop workforce pipeline programs to train qualified entry-level workers for jobs with manufacturers and employers in sectors experiencing workforce shortages. The Act earmarks \$50 million in total for the program and caps at \$20 million the amount of funds any one partnership may receive in total funding.

Item #19 Department of Energy and Environmental Protection and the Department of Public Health: Clean Water Fund - Drinking Water State Revolving Fund (\$7,000,000 in reallocated Clean Water Fund Revenue bonds)

These funds will be used to provide grants and low-interest loans to various municipalities, and/or public water systems, to assist with Clean Water Fund (CWF) and Drinking Water State Revolving Fund (DWSRF) project costs. Common uses of the funds include nitrogen control to restore the Long Island Sound, combined sewer overflow abatement, and phosphorus reduction in non-tidal surface waters. The Department of Energy and Environmental Protection (DEEP) will disburse funds to individual CWF or DWSRF projects that have met all statutory and administrative requirements as outlined in either the currently adopted DEEP Priority List, or in the Department of Public Health's (DPH's) currently adopted Drinking Water Priority List of Projects.

Item #20 Office of Policy and Management: Urban Act (\$9,000,000 in reallocated GO bonds)

I. Department of Economic and Community Development: City of Waterbury (\$4,000,000)

This reallocation will fund the design, construction, and replacement of inoperable water valves and water and sewer mains in the area of Exchange Place and along East Main Street.

The funds were previously allocated to support street improvements to East Main Street including replacement of utility infrastructure, new roadway surfaces, sidewalks, bus lanes and streetscape improvements. The city intends to seek other funds for the originally planned surface level improvements.

II. Department of Housing (\$5,000,000)

At the February 1, 2017 meeting of the State Bond Commission, \$5 million was allocated to provide a grant-in-aid to the Capitol Region Council of Governments CRCOG for a foundation testing program to assist homeowners with crumbling foundations.⁴ According to June 2019 meeting minutes from the Ad-Hoc Working Committee on Crumbling Foundations, the CRCOG testing program has roughly \$4 million of testing funds remaining.

The purpose of this request is to modify the acceptable uses of the \$5 million to include that the Connecticut Foundation Solutions Indemnity Company Inc. (CFSIC) can use these funds to pay for analyses that assign a severity index to projects, as required under CFSIC guidelines.⁵

Item #21 Department of Administrative Services (Department of Construction Services): School Building Projects (\$301,200,000 in new GO Bonds)

These funds are requested to finance a portion of estimated grants-in-aid for the state's reimbursement of construction costs associated with local school building projects. These projects include expansion, renovations and improvements, safety and health related projects, vocational agricultural centers and cooperative regional special educational facilities.

School districts may submit requests for school construction grant payments for projects which have been approved legislatively, as part of school construction priority lists or similar public acts, or in certain emergency situations, such as roof repairs. The dollar amount of the bond commission request is based upon the aggregate of all open school construction projects, specific cash flows from some projects, and historical experience with the ebb and flow of grant payment requests.

⁴ Under the program, homeowners meeting criteria are eligible for a 50% reimbursement, up to \$2,000, for pyrrhotite testing of two foundation core samples. Additionally, homeowners who have already experienced foundation deterioration may choose a visual inspection of the foundation, 100% reimbursed up to \$400. As of June 2019, CRCOG has received over 1,341 applications and of those, has paid or approved for payment 1,198 applications.

⁵ CFSIC is the captive insurance company established pursuant to PA 17-2. See Item #6 for further details.