

# Analysis of State Bond Commission Agenda Items

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10:30 AM

## **OFFICE OF FISCAL ANALYSIS**

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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. We have reviewed the items and provided additional information, comments or questions where it would be helpful.

## I. Summary

### FY 12 General Obligation Bond Allocations<sup>1</sup>

	FY 12	FY 11
March Agenda	\$54,094,735	\$57,900,396
Prior Allocations	<u>1,141,634,117</u>	<u>795,661,609</u>
<b>Year to Date Total</b>	<b>\$1,195,728,852</b>	<b>\$853,562,005</b>

### FY 12 Transportation Fund Bond Allocations

	FY 12	FY 11
March Agenda	\$50,000,000	\$134,665,685
Prior Allocations	<u>625,081,592</u>	<u>939,026,486</u>
<b>Year to Date Total</b>	<b>\$675,081,592</b>	<b>\$1,073,692,171</b>

**Special note on job creation/retention estimates in the SBC agenda:** The Office of Policy and Management has provided an estimate for the number of jobs created or retained for each agenda item. The figures are based on the assumption that for every \$1 million of directly expended project construction costs, a total of 21 jobs are created or retained. Of the 21 job total, 9.4 are direct jobs and 11.6 are supplier jobs.

<sup>1</sup> The figures do not include reallocations.

## II. Agenda Items

**Item #1** Department of Transportation: Fix-it-First Bridge program (\$50,000,000 in Special Tax Obligation bonds)

The table below shows prior SBC allocations for the Fix-it-First Bridge Program:

Prior Allocations for the Fix-it-First Bridge Program	
SBC Date	Amount
Mar-08	\$45.0 million
Dec-08	45.0 million
Mar-10	37.5 million
July-10	7.5 million
July-11	66.15 million
<b>Total</b>	<b>\$201.15 million</b>

This allocation will provide funding for the following projects:

<u>PROJECT</u>	<u>TOWN</u>	<u>DESCRIPTION</u>	<u>PHASE</u>	<u>TOTAL COST</u>	<u>FEDERAL</u>	<u>STATE</u>	<u>OTHER<sup>(1)</sup></u>
0171-0363	Various	Installation of asphaltic plug joints on various state structures in District 1 using DAS contract 11PSX0256. Does not require design work.	CN	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
0172-0414	Various	Installation of asphaltic plug joints on various state structures in District 2 using DAS contract 11PSX0256. Does not require design work.	CN	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
0173-0426	Various	Installation of asphaltic plug joints on various state structures in District 3 using DAS contract 11PSX0256. Does not require design work.	CN	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
0174-0367	Various	Installation of asphaltic plug joints on various state structures in District 4 using DAS contract 11PSX0256. Does not require design work.	CN	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
0104-0167	Old Lyme	Rehab of Bridge 00245, Flat Rock Road over Interstate 95	CN	\$ 5,200,000	\$ -	\$ 5,200,000	\$ -
0171-0360	Various	Repair of Bridge Joints in Distric 1 - 14 bridges	CN	\$ 1,995,000	\$ -	\$ 1,995,000	\$ -
0172-0411	Various	Repair of Bridge Joints in District 2 - 6 bridges	CN	\$ 1,995,000	\$ -	\$ 1,995,000	\$ -
0173-0423	Various	Repair of Bridge Joints in District 3 - 37 bridges	CN	\$ 2,015,000	\$ -	\$ 2,015,000	\$ -
0174-0364	Various	Repair of Bridge Joints in District 4 - 15 bridges	CN	\$ 1,725,000	\$ -	\$ 1,725,000	\$ -
0056-0296	Greenwich	Rehabilitation of Bridge 00017, Lockwood Avenue over I-95 in Greenwich	CN	\$ 6,634,000	\$ -	\$ 6,634,000	\$ -
0053-0175	Glastonbury	Rehabilitate Bridge 00417 (Putnam Bridge), Rte 3 o/ the Connecticut River to Include Parapet and Median Replacement, Structural Steel Repair, Deck Expansion Joint Replacement, Bearing Rehab and/or Replacement, Scupper Repair and Touch Up Painting	CN	\$ 34,600,000	\$ 8,131,200	\$24,436,000	\$ 2,032,800
<b>TOTAL</b>				<b>\$ 60,164,000</b>	<b>\$ 8,131,200</b>	<b>\$50,000,000</b>	<b>\$ 2,032,800</b>

**Items #4 & #11** Department of Energy and Environmental Protection: Dam repairs (total of \$1,150,000 in General Obligation bonds)

These funds will be used to finance the design of repairs to the following state-owned dams that are deemed to be high or significant hazard:

1. Connecticut Valley Hospital Dams, Middlefield;
2. Slater Mill Pond and City Pond Dams, Griswold;
3. North Farms Dam, Wallingford;
4. Waterbury Levee, Waterbury;
5. Bashan Lake Dam, East Haddam;
6. Savin Lake Dam, Lebanon; and
7. Other dams, as necessary.

**Background**

There are currently 92 state-owned dams that are classified as high or significant hazard. In order to be classified as significant or high hazard, failure of a dam would result in any one of the following:

<b>State-owned Dams Classified as Significant or High Hazard</b>		
	Significant Hazard	High Hazard
Number of dams in state	39	53
<b>Description of Classifications</b>		
Human impact	Probable loss of life	
Damage to residences, hospitals, convalescent homes, schools, etc;	Minor	Major
Utility damage	Interruption of the use or service	
Transportation infrastructure damage	Primary roadways	Main roadways
Economic loss	Significant	Great

Questions

1. Which of the dams listed above are classified as significant or high hazard dams?
2. How are the dams chosen for repair?
3. What is the estimated cost of actually repairing these dams?
4. What is the estimated cost of repairing all 92 of the high or significant hazard dams in the state?

**Item #6** Department of Economic and Community Development: Regional Brownfield Development Program (\$10,000,000 in General Obligation bonds)

The Regional Brownfield Redevelopment Loan Fund provides applicants with low-interest loans to remediate property for economic development projects or to construct

housing for first-time home buyers. The loans can be made for manufacturing, retail, residential or mixed-use developments, expansions or reuses.

The following projects are scheduled to receive funding from this agenda item:

<b>Projects that will Receive Funding from the Agenda Item</b>		
Project	Municipality	Funding
Northeast Neighborhood Partners - Former Swift Factory	Hartford	\$1,000,000
EDAC Technologies Corp. - Former GE North Plant	Plainville	2,000,000
Flanagan's Landing Apartments LLC - Flanagan's Landing	Glastonbury	2,000,000
Ball & Socket Arts, Inc. - Community Arts Center	Cheshire	1,689,000
Walter Wheeler Dr LLC/Strand BRC Grp (aka Admiral Wharf)	Stamford	2,000,000
Washington Avenue Business Park - Former Anamet	Waterbury	1,311,000
<b>Total</b>		<b>\$10,000,000</b>

Questions:

1. Will any of the loans made under this program be forgiven? If so, what would the threshold be for loan forgiveness?
2. What are the eligibility criteria for the program?
3. Does DECD give preference to economic development or housing projects?

**Item #7** Department of Transportation: Dredging projects (\$750,000 in General Obligation Bonds)

The funds will be used to cover the cost of dredging approximately 50,000 cubic yards of predominantly sandy material from the Housatonic River in four areas south of the Route 1 bridge. The Army Corps of Engineers has agreed to schedule use of its own hopper dredge during the upcoming dredging season, which begins around October 1, 2012. The daily cost to operate the dredge is approximately \$22,000 and the project is expected to take 35 construction days.

The river was last dredged was in 1976, when 215,000 cubic yards of material was removed.

**Item #10** Department of Emergency Management and Public Protection: Upgrades to the state-wide telecommunications system (\$1,401,873 in General Obligation Bonds)

The funds will be used to replace the aging radio tower site currently located in East Haddam, including replacement of the tower, installation of new telecommunications equipment, and construction of an on-site shelter. The tower is currently used by the Department of Transportation and the upgrade will increase coverage along the Connecticut River and provide radio-system access to the Department of Emergency Services and Public Protection, the Department of Energy and Environmental

Protection, the Department of Motor Vehicles, and the Department of Correction. The on-site shelter will hold radio equipment for state agencies and municipal entities.

**Item #16** Department of Energy and Environmental Protection: Flood control projects (\$429,000 in General Obligation bonds)

The funds will be used to finance the design of Phase II of the South Branch Park River flood control project in Hartford, which is supervised by the Natural Resources Conservation Service’s Emergency Watershed Protection (EWP) Program.

Phase I of the South Branch Park River flood control project in Hartford opened in 2008. It included a multi-use greenways trail that runs from Flatbush Avenue to Nilan Street that is 1,690 ft long, 12 ft wide. There are trail-head plazas located at each end and it is lined with steel benches, trees and shrubs. Phase II will construct the next section of trail from Nilan Street to Newfield Avenue. Future project phases will extend it along Brookfield Street, from Hamilton Street to Flatbush Avenue. Ultimately, the trail could connect with trails that are planned for Pope Park, West Hartford and Newington.

**Questions:**

1. The agenda item mentions Tropical Storm Irene in 2011. How is this project related to the storm?
2. What is the estimated cost of the entire project?
3. What is the projected timeframe for completion of the entire Park River project?

**Item #25** Department of Economic and Community Development: Housing Trust Fund (\$15,000,000 in General Obligation bonds)

The Housing Trust Fund Program provides competitive loans and/or grants annually to eligible developers for the development and/or preservation of housing for low- and moderate-income families and persons at affordable prices.

<b>Projects that will Receive Funding from the Agenda Item</b>			
Project	Municipality	Units	Funding
Neighborhood Housing Services of New Haven Affordable Program	New Haven	14 Units	\$2,100,000
Elias Howe Elderly Housing	Bridgeport	37 Units	2,100,000
Beachport Low Income Affordable Housing	Cheshire	20 Units	3,350,000
Wintergrove Low Income Affordable Housing	Southington	36 Units	2,000,000
Bonney Brook Elderly Housing	Cornwall	10 Units	565,000
Elmcrest Affordable Housing	Norwalk	59 Units	1,241,848
Horace Bushnell Congregate Homes	Hartford	74 Units	3,643,152
<b>Total</b>			<b>\$15,000,000</b>

**Item #27** Department of Economic and Community Development: Manufacturing Assistance Act (\$8,730,000 in General Obligation bonds)

These funds will support the following business initiatives:

**LifeCare, Inc. - Shelton (\$1,800,000):** The funds will provide a loan for leasehold improvements and equipment related to the expansion of operations. The company intends to retain 157 jobs and create approximately 200 jobs over the next three years.

*Explanation of Benefits*

DECD will provide a 10-year loan at 2.0% with principal deferred for two years. A portion of the loan principal will be forgiven based on job creation levels: (1) 100 jobs will result in \$250,000 being forgiven; (2) 151 to 200 jobs will result in up to \$750,000 being forgiven; and (3) over 200 will result in an additional loan forgiven of \$4,500 per job, not to exceed the outstanding loan principal.

LifeCare helps employers reduce absenteeism and improve employee satisfaction. It intends to change its current telephone-based method of communicating with clients and their employees to an Internet site.

**B. FactSet Research Systems, Inc. - Norwalk (\$2,000,000):** The funds will provide a loan for renovations and improvements to FactSet's headquarters in Norwalk. The company intends to retain 641 jobs to create 200 jobs over the next five years.

*Explanation of Benefits*

DECD will provide a 10-year loan at 2.5% with principal deferred for five years. The loan may be forgivable if FactSet reaches its job creation and job retention goals.

In addition to this loan, FactSet may also be eligible for job expansion tax credits and up to \$8.0 million in Urban and Industrial Sites Reinvestment Tax Credits.

FactSet Research Systems, Inc. is a financial data and software company that provides investment professionals with access to financial data.

**C. Beacon Industries - Newington (\$1,500,000):** The funds will provide a loan for the acquisition of TECT Power in Newington and consolidation of the operations in TECT Power's facility. Beacon Industries intends to retain 162 jobs and create 60 jobs within six years.

*Explanation of Benefits*

DECD will provide a 10-year loan at 4.0% with principal deferred for five years. Up to \$250,000 of the loan may be forgiven if the company meets its jobs goals.

In addition to the loan, the Connecticut Development Authority also provided a \$1.5 million loan to the company.



Beacon Industries and TECT Power are suppliers of precision aerospace machining, components, and parts. Beacon plans to invest \$10.2 million in relocating and consolidating the operations to TECT's facility.

**D. Peter Paul Electronics Co., Inc. - New Britain (\$2,750,000):** The funds will provide: (1) a \$2.5 million loan for the relocation of the coil operations that are currently located in Puerto Rico; the purchase of machinery and equipment; and facility improvements and (2) a \$250,000 job training grant. The company intends to retain 125 jobs and create up to 75 jobs within five years.

*Explanation of Benefits*

DECD will provide a 10-year loan at 2.0% with principal and interest deferred for one year. If the company reaches its job goals within five years, \$1.5 million of the loan will be forgiven.

Peter Paul Electronics manufactures solenoid valves for the energy, medical, bio-tech, automotive, construction, infrastructure, and agriculture industries.

**E. Town of Groton for U.S. Navy Submarine Base (\$455,000):** The funds will provide a grant-in-aid to Groton for the acquisition of a parcel adjacent to the Naval Base. The purchase will prevent development of the land that could encroach on the base's operations. The goal is to enhance the military value of the facility.

**F. Town of Ledyard for U.S. Navy Submarine Base (\$225,000):** The funds will provide a grant-in-aid to Ledyard for acquisition of a parcel adjacent to the Naval Base. The purchase will prevent development of the land that could encroach on the base's operations. The goal is to enhance the military value of the facility.

Question:

1. Is there any indication that the Naval Base is on the list of potential closures?
2. What other measures could be taken to further improve military value of the base?

**Item #28** Department of Energy and Environmental Protection: Repairs at Fort Trumbull State Park (\$492,202 in General Obligation bonds)

These funds will be used to make repairs to Fort Trumbull State Park in New London (masonry repointing<sup>2</sup> and repairs to the visitor center) and Fort Griswold State Park in Groton (masonry repointing, museum roof repairs, and basement waterproofing).

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<sup>2</sup> Repointing is the process of renewing the external part of mortar joints in masonry construction. Over time, weathering and decay cause voids in the joints between bricks that allows the entrance of water, which can cause significant damage through frost weathering.

**Fort Trumbull** was built between 1839 and 1852. It is one of a group of 42 forts that were constructed for the defense of the United States coast and harbors. This group became known as the Third System of Fortifications. Fort Trumbull is unique in the "Third System" because of the Egyptian Revival features incorporated into its architectural design.



**Fort Trumbull, New London**

<b>Prior Allocations for Fort Trumbull, New London</b>		
SBC Date	Amount	Description
4/27/01	\$800,000	Construction of an elevator for ADA access to the interior and rooftop at Fort Trumbull State Park
9/29/00	\$3,500,000	Improvements at Fort Trumbull State Park, including exhibits
8/5/98	\$5,000,000	Phase I development of the Fort Trumbull State Park

<b>Prior Allocations Fort Griswold State Park, Groton</b>		
SBC Date	Amount	Description
12/12/07	\$500,000	Restoration and improvements at Fort Griswold State Park
10/6/95	\$100,000	Retrofitting to Monument House Museum for ADA accessibility
3/23/90	\$20,000	Develop master plan at Fort Griswold State Park, Groton
9/2/88	\$126,771	Various improvements at Griswold State Park

**Item #29** Office of Policy and Management: Urban Action Program (\$200,000 in General Obligation bonds)

These funds will provide a grant-in-aid to Hartford for a housing development strategic plan in the downtown area, including the Bushnell Park area.

Questions

1. Has the City of Hartford chosen a consultant for this project?
2. Will the plan include affordable housing?
3. How will the plan be implemented? Does Hartford intend to request state bond funds to construct housing in the downtown?