

Analysis of State Bond Commission Agenda Items

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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 Allocations¹

	FY 12	FY 11 (April)
May Agenda (revised)	\$124,826,532	\$57,900,396
Prior Allocations	<u>1,195,428,852</u>	<u>795,661,609</u>
Year to Date Total	\$1,320,255,384	\$853,562,005

FY 12 Transportation Fund Bond Allocations

	FY 12	FY 11 (April)
May Agenda	\$644,251	\$134,665,685
Prior Allocations	<u>675,081,592</u>	<u>939,026,486</u>
Year to Date Total	\$675,725,843	\$1,073,692,171

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.

¹ The figures do not include reallocations.

II. Agenda Items

Item #1 Connecticut Innovations, Inc.: Recapitalization of CII programs (\$10,000,000 in new General Obligation bonds)

Connecticut Innovations, Incorporated (CII) is a quasi-public state agency that makes loans to entrepreneurs for the research, development, and marketing of new technologies. CII supports its programs with self-sustaining revolving loan funds that were originally capitalized with General Obligation (GO) bonds funds. CII's operations are supported with: (1) interest on loans, (2) income from investment of funds and grants, and (3) application fees.

These funds will be used to recapitalize CII's programs. CII previously received a \$3.0 million allocation from the State Bond Commission for this purpose in February 2008 and an additional \$10.0 million in December 2011. It also received a \$5.0 million allocation for the Pre-Seed Finance Program in August 2010.

Questions:

1. If CII's loan programs are self-sustaining, why is this recapitalization necessary?
2. Is CII planning to use these funds to initiate any new loan programs?
3. Approximately how many loans does CII make to entrepreneurs per year?

Item #2 Office of Policy and Management: Main Street Investment Program (\$5,000,000 in new General Obligation bonds)

This allocation will be used to establish the Main Street Investment Fund account. The account will provide grants of up to \$500,000 to municipalities: (1) with populations of 30,000 or less or (2) that are eligible for the Small Town Economic Assistant Program (STEAP). Municipalities must use the grants for eligible projects that develop or improve their commercial centers to: (1) attract small business, (2) promote commercial viability, and (3) improve aesthetics and pedestrian access. To be eligible, a project must be part of a plan previously approved by the municipality's governing body.

Funds from this account may also be used to provide a one-time reimbursement of up to \$50,000 to any private owner of commercial property who makes eligible expenditures that directly support or enhance grant funded projects. Maximum reimbursements are: (1) 50% of the first \$50,000 of eligible private expenditures and (2) 25% for additional expenditures exceeding \$50,000, but not more than \$150,000.

Questions:

1. Has OPM developed criteria to determine grant awards? If so, what are they?
2. How does this program differ from STEAP?
3. When will the first round of grants be awarded?
4. Is there a breakout for what the grants will be used for?

Item #3 Department of Administrative Services: Renovations and improvements at state-owned buildings (\$1,025,000 in new General Obligation bonds)

Item #3: Allocation for the Department of Administrative Services				
Project	Rationale	State Agency	Location	Amount
Design of roof replacement	Roof is beyond its life expectancy and is starting to leak.	Uncas on Thames property	Campbell Building, Norwich	\$70,000
Roof replacement	Units are beyond their life expectancy and are starting to fail.		Uncas Building, Norwich	\$240,000
Design of roof replacement	Roof is leaking and requires constant repair.	Dept. of Energy and Environmental Protection, Public Utilities Regulatory Authority	10 Franklin Square, New Britain	\$100,000
Replacement of air handling units	Original roof top units are over 25 years old. They are inefficient and costly to repair.			\$350,000
Design for air handling unit replacement	Units are original to the building and are at the end of their useful lives.	Dept. of Economic and Community Development, Culture and Tourism Central Office	505 Hudson Street, Hartford	\$65,000
Flooring replacement	Existing flooring is unsafe and needs replacement due to: (1) the danger of tripping and (2) mold and mildew.	Dept. of Correction, Education Services	24 Wolcott Hill Road, Wethersfield	\$150,000
Loading dock repair	Water is infiltrating the building because the loading dock surface is pitched the wrong way.	Various state agencies	55 West Main Street, Waterbury	\$50,000
			Total	\$1,025,000

Item #4 Department of Administrative Services: Alterations and improvements at state-owned buildings (\$1,025,000 in new General Obligation bonds)

The legislature authorized \$180 million in FY 13 for DAS's infrastructure repair and renovation account, which permits the agency to develop, acquire and renovate office space. This allocation will be used by DAS for due diligence studies of buildings, market analysis and appraisals of buildings as part of the ongoing effort to reduce the state's use of leased office space.

Item #5 Department of Energy and Environmental Protection: Improvements to state parks and recreation facilities (\$455,000 in new General Obligation bonds)

Funds will support the reconstruction of the seawall at Marine District Headquarters located in Old Lyme, as well as the renovation of exhibits in the discovery room at Dinosaur State Park in Rocky Hill.

Question:

1. Are the seawall repairs in Old Lyme necessary because of damage caused by Hurricane Irene in 2011?

Item #6 Department of Developmental Services: Roof replacement at Hartford Regional Center in Newington (\$1,520,000 in new General Obligation bonds)

These funds will be used for the installation of new roofs at the Hartford Regional Center in Newington. The Hartford Regional Center is one of five Regional Centers run by DDS and serves as a congregate living facility for 57 individuals in the North Region. All Regional Centers are certified “Intermediate Care Facilities for the Mentally Retarded” (ICFs/MR) and are eligible for 50 percent Medicaid reimbursement to the state.

Questions:

1. Will the cost of the roofs be part of the federal reimbursement process?
2. How old is the facility? Have the roofs original to the building?
3. Are the roofs currently leaking? Does the building have mold or mildew issues?
4. Are any of the roofs flat roofs? If so, will they be replaced with pitched roofs?
5. What is the life expectancy of the roofs that will be installed?

Items #7 & #10 Department of Developmental Services: Renovations and improvements at departmental facilities (total of \$1,700,000 in new General Obligation bonds)

These funds will be used to finance minor capital improvement projects at various DDS facilities as detailed in the table below:

Minor Capital Improvement Projects at DSS Facilities		
Region (Location)	Project	Amount \$
West (Southbury Training School)	Upgrade Bathrooms	150,000
West (Southbury Training School)	Renovate Windows	330,000
West (Regional Center Stratford, &Norwalk)	Replace Siding/Decks	300,000
South (Camp Harkness Waterford)	Dinning Hall and Kitchen renovations	60,000
South (Various)	Paving	150,000
South (New London)	Installing of Fire Sprinklers	285,675
North (Various)	Paving	75,000

Minor Capital Improvement Projects at DSS Facilities		
Region (Location)	Project	Amount \$
North (Various)	Upgrade residential flooring	50,000
North (Newington, Enfield, Windsor, East Hartford)	Replace Generators	50,000
All (Various)	Emergency Minor Capital Projects	249,325
TOTAL		1,700,000

Item #8 Department of Education: Windham Technical High School, Willimantic - Construction of a new softball field (\$431,573 in new General Obligation bonds)

The funds are needed to reconstruct the softball field because the current field has drainage issues, and the configuration of the current field presents a safety hazard to players.

Item #9 Department of Transportation: Local road and bridge projects (\$644,251 in Special Tax Obligation bonds)

The funds will be used to provide grants-in-aid to cover 20%-30% of the cost of bridge projects in Montville and New Milford. The table below shows the amount of funding provided from federal, state, and municipal sources to cover the project costs:

Funding Source	Montville	New Milford
Federal	0	\$1,177,005
State	\$350,000	\$294,251
Municipal	\$730,000	0
Total	\$1,080,000	\$1,471,256

Item #11 Judicial Department: Acquisition of equipment associated with the For the Record digital recording system in courtrooms (\$1,480,000 in new General Obligation bonds)

As part of the implementation of its technology strategic plan project, the Judicial Branch is expanding the “For the Record” technology statewide. This program links courtroom audio with court transcripts and allows attorneys to access audio transcripts of proceedings through the Judicial Branch Eservices portal. The first location to test this technology was the Middletown Courthouse Child Protection Session.

Questions:

1. What is the project timeline to have this system installed in all courtrooms?
2. Will additional bond funds be needed for the “For the Record” project? If so, how much?

Item #12 State Library: Grant-in-aid to Rockville Public Library, Inc. for renovations and additions (\$1,000,000 in new General Obligation bonds)

The present Rockville Library building was constructed in 1904. In 1967 the building was renovated and a children's wing was added. The adult department was renovated in 2002 to maximize available space and to allow for greater use of technological resources.

Item #13 Department of Children and Families: Grants-in-aid to nonprofit organizations for recreation and education purposes (\$700,000 in new General Obligation bonds)

These funds will be used as follows:

- \$200,000 for accessibility and code required improvements at the Boys and Girls Club of New Britain. This organization received a bond allocation of \$1,000,000 for building renovations at the December 2010 meeting of the State Bond Commission.
- \$500,000 for construction of an enclosure of the YMCA of Western Connecticut's outdoor swimming pool at is Greenknoll facility in Brookfield. This organization received a bond allocation of \$315,000 for renovations for a child day care center at the September 2001 meeting of the State Bond Commission.

Item #14 Department of Children and Families: Grants-in-aid to Adelbrook - The Children's Home in Cromwell for improvements (\$184,959 in new General Obligation bonds)

These funds will be used to:

1. Upgrade to the fire alarm system in the Adelbrook - The Children's Home's Learning Center in Cromwell,
2. Support exterior improvements to Abigail House,
3. Replace the entry doors on the Unity building and Learning Center, and
4. Support interior improvements to Jordan House in order to accommodate additional children with Autism Spectrum Disorders and Pervasive Developmental Disabilities.

Bond Allocations for the Children's Home in Cromwell between FY 06 and FY 11		
SBC Date	Amount	Description
1/27/2006	\$400,000	Grant-in-aid to Children's Home of Cromwell for a new clinical wing and essential bathroom renovations
1/27/2006	43,222	Grant-in-aid to Children's Home of Cromwell for construction of a new clinical wing and essential bathroom renovations
3/28/2008	400,000	Gran-in-aid to the Children's Home of Cromwell for infrastructure renewal and renovation projects
2/24/2011	393,000	Grant-in-aid to the Children's Home of Cromwell - Roof replacement

Total	\$1,236,222	
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Item #15 Department of Social Services: Grants-in-aid to Progressive Education and Research in New Haven for improvements (\$300,000 in new General Obligation bonds)

Note: Item #15 was withdrawn by the Governor.

Progressive Education and Research Associates runs the New Haven People’s Center, a private, not-for-profit started in 1937. The center functions as a meeting place of labor, community peace and social justice groups. The center currently houses various groups including, New Elm City Dream Youth Group, Unidad Latina en Accion, and the Greater New Haven Peace Council.

This funding will assist in renovation efforts of the center’s facilities, including masonry repairs, a new roof and various other improvements to rehab the center. Progressive Education Research Associates and the People’s Center have not received bond funding from the state previously. The center has been allocated \$75,000 this year from the City of New Haven to assist in rehabbing the center. The state’s funding is anticipated to create or retain approximately 4 construction related jobs.

Questions:

1. Will the organization provide any matching funds for this project?
2. Does DSS provide any other funding to this organization?
3. What is the scope of the work to be performed? What is the timeframe for completion?

Item #16 Department of Energy and Environmental Protection: Grants-in-aid to municipalities for park, recreation and water quality improvements (\$310,000 in new General Obligation bonds)

A. Plymouth (\$250,000) - provide public water to nine homes on Burr Road and Harwinton Avenue that have contaminated wells.

Questions:

1. Are homeowners contributing to the cost of supplying public water to their homes?
2. What is the source of contamination? Is there any party that can be held accountable? Can any costs be recovered?

B. Hamden (\$35,000) - recreation field improvements.

Questions:

1. Where is the recreation field located? What improvements are being made?
2. How long will the improvements take to complete?

C. Woodbridge (\$25,000) - recreation field improvements.

Questions:

1. Where is the recreation field located? What improvements are being made?
2. How long will the improvements take to complete?

Item #17 Department of Energy and Environmental Protection: Reallocation of funds to Bridgeport for design of a berm in Elton Rogers Park for flood mitigation (\$260,000 in previously allocated General Obligation bonds)

The funding will be used to design a berm in Elton Rogers Park to help with Ox Brook flood mitigation efforts. The Ox Brook flood plain is located in the North End of Bridgeport and

Question:

1. What is the estimated cost of constructing the berm?

Item #18 Department of Economic and Community Development: Manufacturing Assistance Act loan (\$2,500,000 in new General Obligation bonds)

These funds will support a loan to Latex Foam International, LLC. The loan will finance inventory and working capital in order to expand the company's capabilities and workforce. Latex International (LI), located in Shelton, is the leading global manufacturer of Talalay latex mattress components and pillows.

The loan will be provided at an interest rate of 2.0% for five years, with principal deferred. The company plans to retain 150 jobs and create up to 30 new jobs by 2015. There is no forgiveness provision associated with this loan.

Item #19 Department of Energy and Environmental Protection: Clean Water Fund projects (\$92,600,000 in new General Obligation bonds and \$180,000,000 in Clean Water Fund revenue bonds)

This allocation will be used to provide grants-in-aid (GO bonds) and loans (CWF revenue bonds) for Clean Water Fund (CWF) projects that are awaiting funding on DEEP's priority list (the FY 12-FY 13 list of projects is available at the following link: http://www.ct.gov/dep/lib/dep/water/municipal_wastewater/cwfprioritylist12_13.pdf).

The CWF program provides a combination of grants and loans to municipalities that undertake water pollution control projects at the direction of DEEP. Projects receive grants-in-aid for eligible project costs and loans for the remainder of the project costs (the loan term is 20 years at 2% interest). The percentage at which grants-in-aid are available varies with the type of project:

- Waste Water Treatment projects - 20% grants-in-aid of eligible project costs;
- Combined Sewer Overflow (CSO) projects - 50% of eligible project costs;
- Nitrogen Removal projects - 30% of the project costs associated with nitrogen removal, and 20% grants for the balance of the eligible project costs; and
- Small Community projects receive grants of 25% of the eligible project cost.

Item #20 Department of Economic and Community Development: Expansion of the minority contractor bond guarantee plan to include bid bonds and performance bonds (\$1,000,000 in previously allocated General Obligation bonds)

The Minority Guaranty program provides assistance with payment bonds, which guarantee that all sums owed by the contractor to its employees, suppliers, subcontractors, and others creditors, will be paid on time and in full. The following table shows the participation rate in the program:

Number of People Participating in the Minority Bonding Guarantee Program	
Applications received during the duration of the program	300
Number of Minority Contractors approved	75
Number of Minority Contractors defaulted	1

In total, those contractors who obtained approval for bonding received \$9.5 million in guarantees, of which \$3.5 million was financed with GO bond funds. Only one minority contractor has defaulted during the duration of the program.

This request expands the program and its previous allocation of \$1,000,000 to include guarantees for bid bonds and performance bonds.² No additional allocations are included in this request.

Questions:

1. What is the application process for the program?
2. What criteria are used to choose recipients?

Item #21 Office of Policy and Management: Urban Action Program (\$5,320,000 in new General Obligation bonds and \$2,800,000 in previously allocated General Obligation bonds)

I. Department of Economic and Community Development

A. Grant-in-aid to Hartford for Front Street Project (\$1,500,000)

This funding will provide a grant-in-aid for Phase II of the Front Street District project, located in Hartford. Phase I involved the development of the restaurant/entertainment district and was completed in November 2010. The state provided \$7.5 million in Urban Act funds to support Phase I. Phase II focuses on the development of the 115 residential units and approximately 27,500 square feet of retail space.

Questions:

² A bid bond is issued as part of the bidding process to guarantee that the winning bidder will undertake the contract under the terms for which they bid. A performance bond is a surety bond which guarantees satisfactory completion of a project by a contractor.

1. What is the timeline for completion of the Front Street Project and occupancy of the space being developed?
2. Is Phase II the final phase of the Project?

B. Grant-in-aid to Hartford for John E. Rogers African American Cultural Center (\$1,000,000)

This funding will support renovations and improvements to the former Northwest District School, located at 1240 Albany Avenue in Hartford, for use by the Center. The School, which is on the National List of Historic Places, requires a new roof, new HVAC, and updates to the electrical system. Additionally, the building envelope needs to be re-pointed and the brownstone needs to be reset. The windows are also proposed to be replaced.

The Center will provide a permanent home for one of the largest privately-owned collections of African American historical artifacts, an assortment of articles and personal histories, photographs, artwork and other artifacts, assembled by Rogers.

Question:

1. Does the John E. Rogers African American Cultural Center qualify for any other state or federal funding relating to cultural or historic preservation that may assist in financing the renovations of the school?

C. Supplemental Grant-in-aid to East Windsor for Sidewalk Construction (\$50,000)

This funding will support the construction of sidewalks around Broad Brook Elementary School in East Windsor.

Question:

1. The May 8, 2012 press release from the Governor's Office states that the Broad Brook Elementary School has been selected to receive \$50,000 in STEAP grants for sidewalk replacements. Are the bond funds requested on this agenda in addition to, or in lieu of, that STEAP grant?

D. Grant-in-aid to Wadsworth Atheneum Museum of Art for Phase II Renovations (\$2,000,000)

This funding will support Phase II of the Wadsworth Atheneum renovation project, which includes renovation and restoration of more than 40 galleries and 15 public spaces across all five of the museum's buildings. The museum's renovations will result in the addition of 8,000 square feet of reclaimed gallery space, a 14% increase, and the complete reinstallation of the museum's permanent collection. Other improvements to the HVAC system and new watertight roofs for green roof areas will result in significant energy savings to the museum.

The State Bond Commission approved a total of \$15 million in Urban Act grants between 1999 and 2002 to support Phase I renovations. For Phase II, the total

cost is estimated to be \$12,427,500. A portion of that cost will be supported by this \$2.0 million bond request. In addition, the Museum raised \$2.0 million in non-state funds and will its private fund-raising efforts. However, the Museum may seek future funding from the state of up to \$8.0 million to curtail the project's budget shortfall.

Question:

1. What is the timeline for completion of Phase II of the Wadsworth Museum renovations?

II. Department of Social Services

A. City of Bridgeport- Cardinal Shehan Center- Bridgeport (\$2,800,000)

The Cardinal Shehan Center in Bridgeport is a not-for-profit organization which has been in existence for over 48 years. The center provides recreational, educational, and social programs for moderate and low-income youth and their families in the lower Fairfield County area.

This funding will assist the City of Bridgeport and the center with improvements necessary to function as a community center.

Questions:

1. Does DSS provide any other funding to this facility?
2. What is the total cost of this project? Is Bridgeport providing any matching funds?

B. I CAN- Ann's Place- Danbury (\$250,000)

Ann's Place in Danbury is a not-for-profit organization which provides support for individuals with cancer and their families. The facility offers support groups, educational forums and workshops to help individuals and families to cope with cancer.

This funding will assist I CAN and Ann's Place with the final construction costs of their new facility in Danbury.

Questions:

1. Does DSS provide any other funding to this facility?
2. What is the total cost of this project? Is Danbury providing any matching funds?

C. Stepping Stones Museum- Norwalk (\$500,000)

Stepping Stones Museum is located in Norwalk and provides educational programs from children aged 10 and under.

This funding will assist the museum with renovations necessary to establish an early learning and literacy laboratory to support the efforts of the Early Learning and Literacy Initiative. The Early Learning and Literacy Initiative is a collaborative initiative between public and private entities to address the early

learning and literacy needs of children. The collaboration includes pre-kindergarten learning labs, teacher training and after-school and parent programs.

Questions:

1. Does DSS provide any other funding to this facility?
2. What is the total cost of this project? Is Norwalk providing any matching funds?

D. Town of Trumbull- Trumbull Senior Center-Trumbull (\$20,000)

This funding will assist the town in renovating and equipping the snack bar at the Trumbull Senior Center.

Questions:

1. Does DSS provide any other funding to this facility?
2. What is the total cost of this project? Is Trumbull providing any matching funds?