



OFFICE OF MANAGEMENT & BUDGET

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MEMORANDUM

To: The Honorable Marvin L. Abney, Chairman, House Committee on Finance

From: Joseph Codega Jr., State Budget Officer *Joe M. Codega Jr.*

Date: March 20, 2025

Subject: February 25 House Finance Committee Follow-up

Thank you for the opportunity to appear before and offer testimony to the House Committee on Finance on Tuesday, February 25. This memo addresses the questions for which I said my team would provide information. As always, if you require more information or need clarification on what has been presented below, please feel free to reach out to my team and me.

Question: More detail and the timeline associated to the Underground Storage tanks cleanup project. Wants confirmation on whether the expenses associated to the project will end once all tanks are cleaned. (DEM)

DEM response regarding the UST Fund and Program:

FUND BACKGROUND

In 1984 the Environmental Protection Agency (EPA) introduced financial responsibility requirements for Underground Storage Tank (UST) owners and operators which became established in 1986. This requirement designates that UST owners and operators must have the ability to pay for the remediation of a release and have third-party liability compensation. US States began to oversee USTs, creating their programs and reaching EPA program approval. The EPA designated the federal financial responsibility requirements to ensure UST owners had the financial resources to pay for the remediation costs of cleaning up releases and compensating third parties for injury and damage caused by leaks from USTs.

To abide by EPA's 1984 Resource Conservation and Recovery Act (RCRA) requirement, Rhode Island established the Underground Storage Tank Financial Responsibility Act (§46-12.9), otherwise known as the RI UST Fund, in 1994. This Fund provides a cost-effective mechanism for these owners/operators to meet these requirements.

The purpose of the RI UST Fund is to reimburse owners, subject to available funding, for eligible costs associated with the investigation, and remediation of contaminated soil and groundwater caused by releases of petroleum from USTs.

The RI UST Fund helps to ensure that owners and operators have the financial means to clean up potential releases from USTs, protecting public health and the environment from petroleum contamination. RI is one of 36 states in the US that have a fund mechanism for reimbursement.

Some other states implement the requirement of utilizing private insurance, while others use a combination of private insurance and state-fund reimbursement processes.

DEM ACCESSING THE FUND

In 2017, the Fund statute was amended and one of the changes allowed DEM to access the FUND to perform investigative, remedial, and corrective actions at sites where the responsible party failed to comply with an order of the Department.

One initiative arising from the Department's direct access to the Fund is close to being complete, which allows the Department to take the lead on investigation and remediation efforts at certain high-risk sites. Some leaking UST (LUST) sites have been facing challenges in addressing their contamination due to financial constraints. LUST sites will have their risk analyzed by the Department, and high-risk sites may be chosen to have remediation completed by the Department. Once remediation commences, long-standing active LUST sites can be effectively closed, thereby ensuring their safety for both the public and the environment.

We are looking to start accessing the Fund in 2025, which is why there has been an increase in the program's budget from previous years. We currently have approximately 229 active leaking tank sites that we will be evaluating.

UST PROGRAM

The UST program at DEM is responsible for conducting compliance inspections every three years at Federally Regulated facilities. Once inspected we note deficiencies that are found and make sure the owners fix them and come back into compliance. If they don't comply, we will refer them to the Office of Compliance and Inspection for Enforcement Actions.

We also approve new UST installations along with any modification or repairs to ensure they are compliant with current regulations. We also oversee the removal of all regulated USTs to determine if a release has occurred or not. If a release is found, we require the responsible parties to comply with the regulations on investigating and remediating those releases. We are responsible for ensuring all leaking tank sites comply with the regulations until they are cleaned up and no further actions are warranted.

Once a responsible party has release, they can apply to the UST Fund for reimbursement of eligible expenses. The UST program then reviews those reimbursement submittals to ensure they meet the requirements of the regulations and issues a reimbursement payment.

Question: Budget Office clarification regarding Representative Finkelman's question on the discontinuity between the prior year actual spending and budgeted values:

Over the past three fiscal years, the UST fund has ended with a balance of over \$6.0 million with new receipts exceeding expenditures. In FY 2023, revenues were approximately \$1.8 million, while expenditures were approximately \$1.0 million. In FY 2024 revenues were approximately \$1.8 million, while expenditures were approximately \$0.6 million.

The FY 2025 Revised Agency Budget and FY 2026 Recommended Budget include approximately \$2.3 million in expenditures. Budgeted expenditures in prior years have routinely exceeded actual spending levels by a wide margin. For example, FY 2024 final enacted expenditures were \$1.8 million. The Budget Office has not recalibrated requested restricted account expenditures, though this may be taken into account in future budget cycles.

Question: How is the Priority Project List currently developed? (DOT)

Rhode Island General Laws section 24-18-7(a-c) outlines the development of the project priority list (PPL). The Department of transportation has rules and regulations establishing project evaluation criteria and a process through which a city or town may submit an infrastructure plan for review. The Department of Transportation is responsible for the evaluation of the infrastructure plans, identifying all eligible projects, holding a public hearing, and finally, providing the Rhode Island Infrastructure Bank and statewide planning with a project priority list. This process is separate and apart from the development of the State Transportation Improvement Plan (STIP).

Summary of Process:

- Municipalities interested in seeking financial assistance for any calendar year submit an Infrastructure Plan to the Department. (DOT)
- Beginning on April 1 of each year, the DOT convenes a panel of experts from staff within DOT, Department of Administration - Division of Planning (Statewide Planning), and the Rhode Island Commerce Corporation to review projects.
- The panel determines which Infrastructure Plans meet stated project evaluation criteria established in § 2.5 of the regulations. (outlined criteria below)
- The panel reviews all available application materials and may contact the municipality to request additional information to establish a proposed Project Priority List for all Eligible Projects.
- The Department holds a public hearing on the proposed Project Priority List in the month of April.
- As advised by the panel, the Department will adopt a final Project Priority List and provide RIIB and Statewide Planning with the proposed Project Priority List no later than May 1 of any year.

Project Evaluation Criteria:

- The Department evaluate and rank municipal Infrastructure Plans according to the following criteria:
- The extent to which the project generates economic benefits.
- The extent to which the project would be able to proceed at an earlier date.
- The likelihood that the project would provide mobility benefits.
- The cost effectiveness of the project.
- The likelihood that the project would increase safety.
- The project's readiness to proceed within the forthcoming calendar year.
- Any other criteria related to project readiness, resilience, severe weather events, inclusion in the Transportation Improvement Program, or other asset management risks and concerns related to transportation infrastructure.

Question: Provide an outline of the current projects on the Priority Project List that utilize the revolving fund. (RIIB/DOT)

The Department of Transportation provides the Rhode Island Infrastructure Bank (RIIB) with the annual Project Priority List (PPL), see below. Not all projects on the PPL proceed to the financing stage each year. RIIB confirmed only two projects from the PPL received funding through the Municipal Road and Bridge program in FY 2024.

- \$1.0 million - Town of Hopkinton: construction, renovation, rehabilitation, repair, improvement, and landscaping of town roads, sidewalks, and drainage facilities.
- \$2.5 million - Town of Richmond: road construction to Tug Hollow Rd. and North Rd.

Table 1. FINAL Municipal Road & Bridge Project Priority List 2023/2024 (Prior Year)

DRAFT Municipal Road & Bridge Project Priority List 2023/2024				
Community	Project Name	Funding Requested	Score	Rank
North Kingstown	Route 102 Sidewalks*	\$ 250,000	89	1
North Kingstown	Post Road	\$ 3,400,000	76	2
Pawtucket	Pawtucket City Streets	\$ 3,000,000	75	3
North Kingstown	West Main Street	\$ 2,600,000	74	4
North Kingstown	Forge Road Dam*	\$ 150,000	71	5
Westerly	White Rock Bridge	\$ 350,000	66	6
North Kingstown	Walmsley Lane*	\$ 75,000	65	7
North Kingstown	Wickford Waterfront	\$ 2,200,000	65	7
Richmond	Richmond Town Roads	\$ 1,000,000	58	8
North Kingstown	Roger Williams Drive Stormwater*	\$ 34,000	54	9
Westerly	Bowling Lane	\$ 3,420,000	51	10
North Kingstown	ASQAH Sewer Capacity Increase	\$ 2,000,000	50	11
North Kingstown	Hatchery Road Bypass Bridge Approach	\$ -	23	12
TOTAL		\$ 18,479,000		
* Project Includes Design Component Only				

Table 2. FINAL Municipal Road & Bridge Project Priority List 2024/2025 (Current Year)

FINAL Municipal Road & Bridge Project Priority List 2024/2025			
Community	Project	Request	Recommended
Pawtucket	Pawtucket City Streets	\$ 3,000,000	\$ 3,000,000
Westerly	White Rock Bridge	\$ 396,000	\$ 396,000
East Greenwich	East Greenwich Town Roads	\$ 4,000,000	\$ 4,000,000
North Kingstown	Route 102 Sidewalks	\$ 250,000	\$ 250,000
East Providence	Seaport Drive	\$ 15,700,000	\$ 9,000,000
Westerly	Bowling Lane Reconstruction	\$ 1,581,454	\$ 1,581,454
North Kingstown	Essex Bridge	\$ 75,000	\$ 75,000
Providence	Mile of History	\$ 4,400,000	\$ 1,100,000
Burrillville	Nasonville Pedestrian Bridge & Sidewalk	\$ 300,000	\$ 300,000
Pawtucket	Enhanced Pedestrian Corridor	\$ 34,000,000	\$ 4,000,000
North Kingstown	Walmsley Lane	\$ 75,000	\$ 75,000
SUBTOTAL		\$ 63,777,454	\$ 23,777,454
Lincoln	School Street Water Main Replacement**	\$ 1,000,000	\$ 1,000,000
Hopkinton	FY 2025 Hopkinton Town Roads**	\$ 1,500,000	\$ 1,500,000
TOTAL		\$ 66,277,454	\$ 26,277,454
** 2024 Appropriation Act - Governor's Municipal Road & Bridge Fund Program Only			

Please see attached for the Municipal Road & Bridge Revolving Fund (MRBRF) fact sheet which outlines the current structure of the program from the Rhode Island Infrastructure Bank.

Question: What is the future of appointments at the Division of Motor Vehicles (DMV)?

The DMV will not be going away from reservations, due to the overwhelming support by DMV customers in favor of the reservation system. The DMV's policy of "reservations only" provides for the orderly flow of customers to access DMV services in a timely and efficient manner while reducing overtime costs.

Prior to the COVID pandemic, the average DMV customer wait time was 75 minutes, and it was not infrequent for some customers to experience wait times of up to 4 or 5 hours. This led to complaints about the extremely long wait times, and that customers often had to take a day out of work to handle their DMV transactions. On some days the crowds in DMV offices were so large that there were concerns of overcrowding and exceeding the approved safe limits approved by the State Fire Marshal.

Now, with the move to the reservations only system, the average wait time is 21 minutes and rarely exceeds one hour. People no longer have to schedule a day out of work to visit the DMV. It should be noted that with the "reservations only" policy and significant investments into online services, such as the Rhode Island Modernization System (RIMS), the DMV is serving the same number of customers as it did when there were no reservations. Now the DMV is doing it in a manner that is more efficient, customer friendly, in a much shorter time, and at a lower cost. The DMV makes customer service a top priority, and their wide range of services offered reflect that priority. The DMV has doubled the number of services offered online from pre-Covid utilizing RIMS, offers multi-lingual support in customer-facing positions with services accommodated in at least 33 languages, and is custom-ordering a Mobile DMV vehicle unit to fulfill customer needs in Westerly and Warren.

cc: Members of the House Committee on Finance
Sharon Reynolds Ferland, House Fiscal Advisor
Christopher O'Brien, Committee Clerk