



OFFICE OF MANAGEMENT & BUDGET

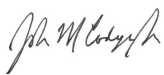
State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300

MEMORANDUM

To: The Honorable Marvin L. Abney, Chairman, House Finance Committee
The Honorable Louis P. DiPalma, Chairman, Senate Finance Committee

From: Joseph Codega Jr., Budget Officer 

Date: May 21, 2025

Subject: Amendments to the FY 2026 Appropriations Act (25-H-5076)

Governor's Budget Amendment #21

The Governor requests an amendment to Article 4 of the FY 2026 Appropriations Act, *Relating to Debt Management Act Concurrent Resolution*. The provisions and policy goals underlying this amendment are set forth below, with associated legislative changes and/or additions detailed in the subsequent technical section.

Confined Aquatic Dredged Material Disposal Cells This amendment issues a new Certificates of Participation (COPs) authorization for the new Confined Aquatic Disposal (CAD) Cell in the Providence River and Harbor. The original COPs authorization passed in the FY 2018 Appropriations Act has expired. Subsequent Capital Improvement Plans had included an assumption of COPs borrowing in the outyear schedules, but no authorizing resolution was included in the Governor's Recommended Budget, pending finalization of project budget estimates with the Rhode Island Coastal Resources Management Council (CRMC) and US Army Corps of Engineers (USACE).

The following table compares the Governor's Recommended Capital Improvement Plan compared with the proposed amendment:

	Governor's Recommended Capital Improvement Plan	Proposed Amendment	Change
<i>COPs Proceeds</i>	\$30,000,000	\$23,000,000	(\$7,000,000)
<i>RICAP</i>	\$20,100,000	\$11,380,000	(\$8,720,000)
<i>Dredge Fund</i>	\$0	\$620,000	\$620,000
Total State Share	\$50,100,000	\$35,000,000	(\$15,100,000)

The CAD cell project has undergone several iterations since it was first proposed in the Governor's FY 2017 Recommended Budget. The USACE is responsible for maintaining the depth of the channel through dredging and managing the resulting dredged materials, including the design and construction of CAD cells. CRMC is the non-federal sponsor for this project and thus will assume responsibility for the non-federal financing component of the CAD cells project once agreements are signed.

The latest iteration of the project consists of the design and construction of a CAD cell in the Providence River, as well as the dredging and placement of sediment into the CAD cell. The design phase of the project will be complete in 2026, followed by CAD cell construction in 2027 and a maintenance dredging cycle in 2028. The dredging operation will remove approximately 2.1 million cubic yards (CY) of unsuitable shoaled materials from the Providence River and deposit the sediment into the newly constructed CAD cell. In addition to the federal capacity, the CAD cell will be sized for 300,000 CY of local non-federal dredging needs. This capacity will be provided to marinas, yacht clubs, boat yards; commercial facilities; and residential docks for the dredged material disposal needs, in accordance with the updated fee structure proposed in the amendment to Article 2 of the FY 2026 Appropriations Act (Governor's Budget Amendment #22). The useful lifespan of the CAD cell is estimated to be 20 years.

This concurrent resolution includes the following provisions:

1. Authorizes the State of Rhode Island to issue Certificates of Participation totaling \$23.0 million.
2. Allocates \$200,000 of the \$23.0 million authorization to cover the financing-related costs of issuance.
3. Anticipates a minimum of \$11.6 million in debt service coverage will be financed by revenues from the newly proposed fee increases, with the remainder financed from general revenues.

This amendment is submitted simultaneously with Governor's Budget Amendment #22 and Governor's Budget Amendment #23.

If you have any questions regarding this amendment, please feel free to call me or my staff at 222-6300.

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Brian Daniels, Director, Office of Management and Budget
Jonathan Womer, Director of Administration

25-H-5076: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2026

Article 4 – Relating to Debt Management Act Concurrent Resolution

Page 109, After Line 4: Insert the following new Section 4 and renumber subsequent section accordingly:

SECTION 4. *Confined Aquatic Dredged Material Disposal Cells.*

WHEREAS, Over the past several years the Army Corps of Engineers has approached the Coastal Resources Management Council to act as the local sponsor to the federal action of maintaining the depths of the Providence River and Harbor Shipping Channel; and

WHEREAS, The Providence River and Shipping Channel was last maintained in 2003; and

WHEREAS, The project will include dredging and removal of sediments not suitable for ocean disposal, and thus will require the construction of a new Confined Aquatic Disposal (CAD) Cell to dispose and sequester those sediments; and

WHEREAS, CAD cells are constructed in aquatic environments to reduce the environmental risk from sediments not suitable for ocean disposal by storing these sediments in a depression in the bottom of the aquatic system; and

WHEREAS, CAD cells offer a major economic value, as a significant cost of disposing dredged materials is in the transportation of the dredged material to a disposal location; and

WHEREAS, Having CAD cells located in the same general area from a dredging operation saves local port operators millions of dollars over the 20-year life of those cells; and

WHEREAS, The Coastal Resources Management Council seeks to build additional capacity in the CAD Cells beyond that required only for this specific project, in order to account for the many port, maritime, and marina and boatyard facilities that also have the need to dredge material at their facilities, which may not be suitable for ocean disposal, thereby saving these entities significant cost, in both sediment testing and transportation of the material to other locations, due to the fact that the existing CAD cells in the river have reached their useful design life; and

WHEREAS, With the approval by the voters of the 2016 Rhode Island Port Infrastructure Bond referendum, the need to maintain the viability of port and maritime operations, the state's marine trades industry, and the increase economic value of ProvPort, increased disposal capacities from new CAD cells are needed; and

WHEREAS, The Army Corps of Engineers expects to begin maintenance of the Providence River and Harbor Shipping Channel in the fall of 2027, the total cost share of the non-federal sponsor is required by August 2026; and

WHEREAS, The state share associated with this project is estimated to be thirty five million dollars (\$35.0 million), with six hundred and twenty thousand dollars (\$620,000) derived from the Coastal Resources Management Council Dredge Fund, financing from the issuance of debt as described herein, and the remainder from other sources of capital funds. The total financing obligation of the State of Rhode Island would be approximately twenty-three million dollars (\$23.0 million), with twenty-two million eight hundred thousand dollars (\$22.8 million) deposited in the project fund and two hundred thousand dollars (\$200,000) allocated to pay the associated costs of financing. Total payments on the State's obligation over twenty (20) years on the twenty-three million dollars (\$23.0 million) issuance are projected to be thirty-six million nine hundred thousand dollars (\$36.9 million) assuming an average interest rate of five percent (5.0%). A minimum of eleven million and six hundred thousand dollars (\$11.6 million) of the total principal and interest payments is expected to be financed from an increase in fees charged to marine operators to deposit their dredged materials into CAD cells, with general revenue appropriations used to supplement fee revenues. General revenue appropriations shall finance principal and interest payments in any fiscal year that fee revenues are insufficient; and

RESOLVED, That this General Assembly hereby approves financing in an amount not to exceed twenty-three million dollars (\$23.0 million) for the provision of funds for the Confined Aquatic Disposal Cells project, including two hundred thousand dollars (\$200,000) to pay costs of financing; and be it further

RESOLVED, That this concurrent resolution shall take effect upon passage.