

2024 -- H 8281

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LC005979  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- RHODE ISLAND PUBLIC  
TRANSIT AUTHORITY

Introduced By: Representative Enrique George Sanchez

Date Introduced: May 16, 2024

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The general assembly finds and declares that:

2 (1) The proposed relocation of the Providence bus hub is widely opposed by Rhode  
3 Islanders who use the Rhode Island Public Transit Authority (RIPTA);

4 (2) The project to relocate the Providence bus hub was projected, in a December 2022 cost  
5 estimate provided to the RIPTA board's finance subcommittee, to have an overall cost of between  
6 \$200,000,000 and \$250,000,000;

7 (3) RIPTA is in serious financial difficulties and would have trouble affording even a  
8 fraction of that cost estimate, which is only an estimate;

9 (4) Subsequently, in January 2023, RIPTA made a Request for Proposals (RFP) to potential  
10 contractors for the Providence hub relocation, in which RIPTA specified that the bids in response  
11 to the RFP could name the profit margin that the vendor would get for work including final design,  
12 building of the facility, and operation services for the yet-to-be-constructed hub;

13 (5) In February 2024, RIPTA signed a Preliminary Services Agreement to pay a vendor up  
14 to \$16.9 million for work including public communications, initial design, and assistance in  
15 selecting a potential site for a relocated bus hub;

16 (6) This Preliminary Services Agreement describes many details of how this vendor's  
17 potential ensuing contract with RIPTA (for final design, building of the facility, and operation  
18 services for the yet-to-be-constructed hub) will look like, and in particular it specifies that this

1 potential ensuing contract with the vendor would grant the vendor the same profit margin that the  
2 vendor asked for in its response to the RFP;

3 (7) Big contracts with a guaranteed profit margin and no maximum price are dangerous for  
4 the taxpayer;

5 (8) RIPTA has taken no steps, either in the RFP or subsequently, to ensure that there is an  
6 enforceable maximum price for this hub relocation project;

7 (9) It is not in the state's interest for RIPTA, with its financial difficulties, to enter into a  
8 subsequent contract where the vendor gets the guaranteed profit margin it asked for on top of  
9 whatever the vendor's costs or expected costs turn out to be, where these costs are likely to be in  
10 the hundreds of millions;

11 (10) The existing Kennedy Plaza bus hub is located at the site where many of Providence's  
12 major streets converge, which is convenient for buses and riders alike, and Kennedy Plaza could  
13 be renovated for a fraction of the hundreds of millions of dollars that it would likely cost to relocate  
14 the hub;

15 (11) Most bus riders who get off the bus in Kennedy Plaza are doing so not to transfer to  
16 another bus but to get to nearby destinations;

17 (12) If the Providence hub was relocated, many of these bus riders who have their final  
18 destination in the Kennedy Plaza area would have to transfer buses at the new hub, forcing them to  
19 take an additional unnecessary bus trip;

20 (13) The only contract currently in effect with the vendor, the Preliminary Services  
21 Agreement, has an off-ramp provision that allows RIPTA to terminate it at any time without paying  
22 for any not-yet-done work;

23 (14) However, RIPTA's RFP and its other legal agreements failed to specify that RIPTA  
24 has any off-ramp rights once a subsequent contract is signed;

25 (15) It is in the state's best interest for RIPTA to exercise its option to terminate the  
26 Preliminary Services Agreement so that any further work done on the Providence bus hub is done  
27 under an RFP that better safeguards taxpayers' and riders' interests.

28 SECTION 2. Section 39-18-10 of the General Laws in Chapter 39-18 entitled "Rhode  
29 Island Public Transit Authority" is hereby amended to read as follows:

30 **39-18-10. Trust funds.**

31 (a) All moneys received pursuant to the provisions of this chapter, whether as proceeds  
32 from the sale of bonds or as revenues, shall be deemed to be trust funds to be held and applied  
33 solely as provided in this chapter. The authority may, in the resolution authorizing the bonds or in  
34 the trust agreement securing the bonds, provide for the payment of the proceeds of the sale of the

1 bonds and the revenues to be received to a trustee, which shall be any trust company or bank having  
2 the powers of a trust company within or without the state, which shall act as trustee of the bonds  
3 and hold and apply the bonds to the purposes of this chapter, subject to this chapter and to  
4 regulations as the resolution or trust agreement may provide, or may provide for the funds to be  
5 held in a separate account of the authority maintained at any bank within or without the state to be  
6 disbursed therefrom on the instructions of such officer or officers of the authority as may be so  
7 authorized and empowered by resolution of the authority.

8 (b) Notwithstanding any provision of this chapter to the contrary, no proceeds from trust  
9 funds subject to the provisions of subsection (a) of this section nor any appropriations provided by  
10 the state to the authority shall be used for any work performed after September 1, 2024, pursuant  
11 to the “transit center joint development project” request for proposals (RFP) issued in January 2023  
12 and/or pursuant to the preliminary services agreement executed in February 2024 which covered a  
13 portion of the process contemplated in that RFP.

14 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- RHODE ISLAND PUBLIC  
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1           This act would prohibit the Rhode Island public transit authority (RIPTA) from using state  
2 funds or the proceeds of any bond or bonds to pay for any work performed after September 1, 2024,  
3 pursuant to the “transit center joint development project” request for proposals (RFP) and/or  
4 pursuant to related the preliminary services agreement.

5           This act would take effect upon passage.

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