

*(The following is not a verbatim transcript of comments or discussion that occurred during the meeting, but rather a summarization intended for general informational purposes. All motions and votes are the official records).*

## **FINANCE COMMITTEE**

Regular meeting of the Finance Committee was held on Thursday, June 14, 2012 in the Council Chambers, City Hall, Cranston, Rhode Island.

### **CALL MEETING TO ORDER:**

The meeting was called to order at 7:05 P.M. by the Chair.

Present: Councilman Paul H. Archetto, Chair  
Councilman James E. Donahue (appeared at 7:15 P.M.)  
Councilman Michael W. Favicchio  
Council President Anthony J. Lupino

Absent: Councilman Steven A. Stycos, Vice-Chair  
Councilman Emilio L. Navarro  
Councilwoman Maria A. Bucci

Also Present: Mark Capuano, Deputy Director of Administration  
Evan Kirshenbaum, Assistant City Solicitor  
Robert Strom, Director of Finance  
Pat Quinlan, City Council Legal Counsel  
Maria Medeiros Wall, City Clerk  
Rosalba Zanni, Assistant City Clerk/Clerk of Committees  
Heather Finger, Stenographer

### **MINUTES OF THE LAST MEETING:**

On motion by Councilman Favicchio, seconded by Council President Lupino, it was voted to dispense with the reading of the minutes of the last meeting and they stand approved as recorded.

### **CORRESPONDENCE:**

None.

## OLD BUSINESS:

**Buck Consultant regarding Pension System Experience Study and Costs.** Administration report on cost of plan. (Cont. 5/7/2012). Councilman Stycos.

**Mr. Strom** stated that the consultants are still running different scenarios based on various factors and should provide a report within the next few weeks. Once the report is received, he will meet with the Mayor to review it. At that time, the Mayor intends to formulate a decision on how to approach this issue and he will probably bring it before the City Council.

**Resolution** in support of General Assembly approval of bonding authority to purchase new school buses. (Cont. 5/7/2012) [[click here to view](#)]

On motion by Council President Lupino, seconded by Councilman Favicchio, it was voted to amend this Resolution as follows: line 19, after “is old”, add “and” and after “in”, add “somewhat” and delete “and in some cases, unsafe”. Motion passed unanimously.

On motion by Council President Lupino, seconded by Councilman Favicchio, it was voted to recommend approval of this Resolution as amended. Motion passed unanimously.

**Resolution supporting Governor Chafee’s Municipal Reform Legislation.** (Cont. 5/7/2012) [[click here to view](#)]

**Councilman Favicchio** stated that, as a co-sponsor, General Assembly did not vote to approve this and due to this, he asked that this be withdrawn.

## PUBLIC HEARING:

**Richard Tomlins**, 400 Farmington Ave., appeared to speak regarding “Resolution in support of General Assembly approval of bonding authority to purchase new school buses”. He also spoke regarding the Buck consultant pension study and stated that a plan needs to be developed now.

**Lawrence DiBoni**, Director of Economic Development, appeared to speak in favor of Ordinance 5-12-2.

**Kyle Adamonis**, Senior Vice-President Human Resources and Legal for Taco, Inc., appeared to speak in favor of Ordinance 5-12-2.

**Council President Lupino** indicated that Councilman Donahue has just arrived and since this Committee is made up of seven members and he is ex-officio, and to ensure quorum, out of abundance of caution, he asked that votes taken earlier be retaken.

Minutes of the last meeting

On motion by Council President Lupino, seconded by Councilman Favicchio, it was voted to approve the minutes of the last meeting and they stand approved as recorded. Motion passed unanimously.

Buck Consultant regarding Pension System Experience Study and Costs

On motion by Council President Lupino, seconded by Councilman Favicchio, it was voted to recommend approval of the above Resolution as amended. Motion passed unanimously.

**NEW BUSINESS:**

- **Motor Vehicle Tax Abatements**

On motion by Council President Lupino, seconded by Councilman Favicchio, it was voted to recommend approval of the above Tax Abatements. Motion passed unanimously.

- **Tax Interest Waiver Approvals**

On motion by Council President Lupino, seconded by Councilman Favicchio, it was voted to recommend approval of the above list of Tax Interest Waiver Approvals. Motion passed unanimously.

**5-12-2 Ordinance in amendment of Chapter 3 of the Code of the City of Cranston, 2005, entitled "Revenue and Finance" (Ten Year Tax Incentive Program for Taco, Inc.).** [\[click here to view\]](#)

On motion by Council President Lupino, seconded by Councilman Favicchio, it was voted to recommend approval of the above Ordinance.

Under Discussion:

**Council President Lupino** stated that he wonders if there is a place for Taco in our schools to begin to start training people even if Taco could give advice of types of programs they would like the City to implement in our schools and work with the Career and Technical Center. He encouraged Taco to reach out to our School Superintendent on this.

**Ms. Adamonis** stated that she thinks there is a great opportunity to attract students to manufacturing and a great opportunity for Taco to work with the Career and Technical Center.

**Councilman Donahue** asked Ms. Adamonis what she thinks could be done to attract other manufacturing businesses to Cranston. Ms. Adamonis stated that the City could try to let the businesses know what kinds of Incentives they can apply for through the City, not just large businesses, but small businesses.

Roll call was taken on motion to recommend approval of the above Ordinance and motion passed unanimously.

**Report from Director of Economic Development regarding Tax Incentive for Park Theatre and any other businesses which receive Tax Incentives from the City.**

**Lawrence DiBoni**, Director of Economic Development, appeared to speak and gave a report of two companies in the City that have to be employee quota:

- Cadence – they came into the City with 90 employees and currently they have 117 employees. They provide his office with quarterly reports.
- Park Theatre – they came into the City with 31 employees and they have requirement to keep 15 employees and as of their last quarterly report, they are still in compliance with 15 employees.

**Council President Lupino** addressed the MOU that the Park Theatre has with the City. Mr. DiBoni stated that the MOU was just for the Park Theatre. The 848 Park Ave. Associates portion of the building progressed as they expanded their building.

**Council President Lupino** stated that what bothers him is the building sits empty for a majority of the month. The Tax Incentive for the Park Theatre was designed to help the businesses on Rolfe Square and it is not helping the businesses. It was also designed to give jobs to people. Looking at the reports, nine employees make only \$1,900 for a month.

**Mr. DiBoni** stated that the Park Theatre is in compliance with their last report and they are having shows there.

**Councilman Donahue** stated that he thinks in this economic climate, it is a challenge to run this type of business. As long as they are in compliance with the Tax Incentive as to the employees, the City cannot tell them how to operate their business.

**Mr. DiBoni** stated that the Park Theatre is working the community and with the Artists Exchange. They are having graduations for the smaller schools and Tracy Ciccone Dance Studio has five shows scheduled.

**Council President Lupino** stated that when giving out future Tax Incentives, we need to put some more restrictions on the job creation.

**Council President Lupino** stated that he would like to know relationship of the two sets of payrolls between the Park Theatre and 848 Associates.

*Public Speakers:*

**Richard Tomlins**, 400 Farmington Ave., appeared to speak and stated that this type of business will never be profitable. The current economic climate has nothing to do with it.

The meeting adjourned at 7:50 P.M.

Respectfully submitted,

A handwritten signature in cursive script that reads "Rosalba Zanni".

Rosalba Zanni  
Assistant City Clerk/Clerk of Committees

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THE CITY OF CRANSTON

**RESOLUTION OF THE CITY COUNCIL**  
**IN SUPPORT OF REPLACING THE FLEET OF AGING SCHOOL BUSES**

No.

\*Amended in Committee 6/14/2012

*Passed:*

\_\_\_\_\_  
*Anthony J. Lupino, Council President*

*Resolved that,*

**WHEREAS**, the City of Cranston, as most other cities and towns around the State of Rhode Island and around the United States, has experienced severe financial constraints over the past fiscal year; and

**WHEREAS**, the fleet of school buses transporting our youths to the Cranston Public Schools is old **\*and** in **\*somewhat** disrepair ~~\*and in some cases, unsafe~~; and;

**WHEREAS**, there has been public support for new fleet of public school buses; and

**WHEREAS**, a new fleet of school buses would be safer for children, get better gas mileage, thereby saving the City of Cranston money in fuel costs, and would be more environmentally friendly than the current school buses; and

**WHEREAS**, the City of Cranston lacks the capital on hand to purchase outright a fleet a new school buses at this time.

**NOW THEREFORE, BE IT RESOLVED**, that the Cranston City Council hereby requests that the Transportation Subcommittee of the Cranston School Committee complete its deliberative process as soon as possible so as to enter into agreements to lease to purchase a new fleet of state of the art school buses in an amount not to exceed \$600,000 to safely transport our children to school. The Cranston City Council urges that this lease to purchase agreement be entered as soon as possible, and in no event later than July 1, 2014.

Referred to Finance Committee 6/14/2012

Sponsored by: Councilman Archetto

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THE CITY OF CRANSTON

**RESOLUTION OF THE CITY COUNCIL**  
**SUPPORTING GOVERNOR CHAFEE'S MUNICIPAL REFORM**  
**LEGISLATION**

No.

*Passed:*

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*Anthony J. Lupino, Council President*

***Resolved, That***

***WHEREAS***, cities and towns in Rhode Island have been struggling for years to find the means necessary to provide the vital services their residents demand and deserve without becoming insolvent or taxing their residents out of their homes; and

***WHEREAS***, cuts in state aid to cities and towns across Rhode Island have resulted in the level of municipal services across the state, including in Cranston, being cut, municipal workers being laid off, municipal salaries and benefits being renegotiated, reserve funds being utilized or depleted and increases in onerous property taxes; and

***WHEREAS***, in Cranston alone, the total loss of state aid is approximately \$17,000,000 each year, from a \$5.5 Million loss of general revenue sharing and a \$11.4 Million loss of motor vehicle tax reimbursements; and

***WHEREAS***, to offset these losses, Cranston and other municipalities have been asking the state for years to provide them with the necessary reforms and tools through legislation to make the cuts they need to help offset the loss of the state revenues and, in particular, to control ever-increasing pension and OPEB costs; and

***WHEREAS***, recognizing the plight of municipalities, Governor Lincoln Chafee has submitted a package of legislation to help municipalities resolve their financial problems and begin the process of recovery and financial stability;

***WHEREAS***, the package of bills includes:

- Legislation authorizing "highly distressed communities" to eliminate mandates and affect collective bargaining agreements and binding arbitration;
- Legislation reducing disability pensions for people in the MERS system to 50% for those who can perform other employment;
- Legislation authorizing cities and towns to limit pension benefits for new and non-vested employees in locally administered pensions to the benefits paid to employees in the MERS system;

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- Legislation authorizing municipalities with a locally administered pension to withhold cost of living adjustments if the pension is less than 60% funded and after certain findings are made;
  - Legislation requiring all school districts to implement a school budget model approved by the commissioner of education;
  - Legislation providing that supplemental appropriations for the payment of past annual school department expenditures would not be included in a municipality's maintenance of effort requirement;
  - Legislation changing the dates and percentages of payments for foundation level school support and approved expenditures and also for payments of distressed community aid.

59           **WHEREAS**, the Cranston City Council believes that passage of this legislative  
60 package is in the best interest of the City of Cranston.

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62           **NOW, THEREFORE, BE IT RESOLVED THAT**, the Cranston City Council  
63 does hereby support the legislative package submitted by Governor Chaffee to assist  
64 cities and towns and urges the Cranston Delegation to the General Assembly to work  
65 diligently for its passage.

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68           Sponsored by: Councilman Donahue  
69                           Councilman Favicchio  
70                           Councilwomen Luciano

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72                           Referred to Finance Committee May 17, 2012

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THE CITY OF CRANSTON

**ORDINANCE OF THE CITY COUNCIL**  
IN AMENDMENT OF CHAPTER 3 OF THE CODE OF THE CITY OF  
CRANSTON, 2005, entitled "REVENUE AND FINANCE"  
(Ten Year Tax Incentive Program for Taco, Inc.)

No.

*Passed:*

\_\_\_\_\_  
*Anthony J. Lupino, Council President*

*Approved:*

\_\_\_\_\_  
*Allan W. Fung, Mayor*

*It is ordained by the City Council of the City of Cranston as follows:*

**PREAMBLE**

WHEREAS, the City Council, pursuant to Section 44-3-9 and Section 44-3-47 of the General Laws of the State of Rhode Island, as amended, has the authority to offer a tax incentive program to existing businesses which are expanding, in an effort to retain, strengthen, expand and increase its workforce within the city if granting of the exemption meets certain conditions set forth in said Sections of the General Laws of the State of Rhode Island; and

WHEREAS, granting of the exemption will inure to the benefit of the city by reason of the willingness of qualified businesses or property owners to replace, reconstruct, convert, expand, retain or remodel existing buildings or facilities with modern buildings or facilities resulting in an increase or maintenance in plant investment by the firm or property owner in the city; and

WHEREAS, Taco, Inc. ("Taco") has made application under, and has satisfied each condition of the above mentioned sections of the Rhode Island General Laws; and

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37 WHEREAS, Taco is a commercial concern which presently operates its corporate  
38 headquarters within the city of Cranston. Taco desires to expand its facilities for operational  
39 efficiency, create greater potential for future growth and allow for Taco to permanently maintain  
40 its headquarters in Cranston. Taco proposes to expand its existing operations to land adjacent to  
41 its existing headquarters at Cranston and Field Street by adding on to its headquarters a two-  
42 story, 25,000 square foot addition that will accommodate classrooms, laboratories, a library,  
43 offices and support functions (the "Project"); and

44 WHEREAS, the Project will serve as an innovation and development center for  
45 employees and business partners which will ensure that Taco remains at the forefront of  
46 innovation in its industry; and

47 WHEREAS, the Project will also showcase Taco's cutting edge technology and promote  
48 Taco's products; and

49 WHEREAS, the functions served by the Project are critical to Taco's continued success  
50 at its present location; and

51 WHEREAS, the Project will cause an increase in the tax base of the city and will enable a  
52 large number of city residents to remain employed in Cranston and shall further highlight the city  
53 as one of economic opportunity; and

54 WHEREAS, Taco has committed to increase its employment over the course of five (5)  
55 years; and

56 WHEREAS, it is in the interest of the residents of the city of Cranston to grant such an  
57 exemption to promote the development and construction of the Project in the city, and such  
58 exemption will inure to the benefit of the city in increased revenue;

59 **Be it Ordained by the City of Cranston:**

60 SECTION 1. That the findings set forth in the preceding Preamble Clauses are hereby  
61 made and confirmed.

62 SECTION 2. That Taco shall be entitled to a tax incentive program for the Project for a  
63 period not exceeding ten (10) years from the date the certificate of occupancy is issued for the  
64 Project and shall be subject to the following terms and conditions:

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68 A. That for the entire duration of the ten (10) year tax incentive program, the  
69 aforementioned facility must be owned and operated by Taco or a related entity. That if for any  
70 reason Taco vacates the aforementioned premises, abandons, or sells the facility to an unrelated  
71 entity, corporation, partnership or person, the city of Cranston shall have the right to perfect a  
72 lien placed upon said property pursuant to subsections B and C of this section.

73 B. That for the entire ten (10) year period Taco shall grant to the city of Cranston a  
74 lien encumbering said property including all improvements placed thereon, in the amount of the  
75 value of the tax incentive. Said lien shall be filed with the registry of deeds located in the city of  
76 Cranston.

77 C. The terms of said lien shall include the right of the city of Cranston to perfect a  
78 lien following the occurrence of any of the following events and the failure of Taco to cure such  
79 default continuing for thirty (30) days:

80 1. The sale of the aforementioned site to any unrelated corporation, individual,  
81 partnership and the like, other than the recipient of said tax incentive or a related business entity;

82 2. Nonpayment of any tax, use charge, or assessment levied by the city of Cranston  
83 associated with the use and occupation of any site owned by Taco in the city of Cranston; or

84 3. The abandonment by Taco of said property.

85 D. That in the event the city of Cranston perfects said tax lien due to a default of any  
86 provision contained in subsection C of this section that is not timely cured, the city of Cranston  
87 shall be entitled to the entire amount of the lien regardless of when said default should occur.  
88 The city of Cranston shall subordinate its lien upon a reasonable request made by either Taco or  
89 its lender. Nothing contained in this chapter shall hamper, impede or prevent the financing of  
90 Taco or the reasonable requests of the financial institution with whom Taco conducts business.

91 E. Failure to timely pay the taxes under this incentive program when due, and the  
92 continuation of such failure for thirty (30) days, will (in addition to the foreclosure remedies  
93 provided herein) result in forfeiture of all future benefits under this program and all future taxes  
94 due to be assessed without the benefit of the incentives.

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97 I. Upon the expiration of the ten (10) year tax incentive program for the Project, and  
98 the compliance with all terms by Taco, the city of Cranston shall provide a release of the lien  
99 described herein.

100 SECTION 3. The following tax incentive program shall be as follows:

101 A. First Year. Taco shall pay an amount equal to ten (10) percent of its total property tax  
102 (excluding land) for new construction or an amount equal to ten (10) percent of any additional  
103 property tax attributable to the addition or expansion to the existing structure (the "Reduced  
104 Tax"). The Reduced Tax for the entire ten (10) year term of this tax incentive program shall be  
105 based on the valuation of any addition or expansion to the existing structure as of the date of  
106 Substantial Completion thereof. During the term of this tax incentive program any revaluation of  
107 the subject property shall not include any increase related to the expansion or improvement of  
108 the subject property.

109 B. Second Year. Taco shall pay an amount equal to twenty (20) percent of its total  
110 property tax (excluding land) for new construction or an amount equal to twenty (20) percent of  
111 any additional property tax attributable to the addition or expansion to the existing structure.

112 C. Third Year. Taco shall pay an amount equal to thirty (30) percent of its total property  
113 tax (excluding land) for new construction or an amount equal to thirty (30) percent of any  
114 additional property tax attributable to the addition or expansion to the existing structure.

115 D. Fourth Year. Taco shall pay an amount equal to forty (40) percent of its total  
116 property tax (excluding land) for new construction or an amount equal to forty (40) percent of  
117 any additional property tax attributable to the addition or expansion to the existing structure.

118 E. Fifth Year. Taco shall pay an amount equal to fifty (50) percent of its total property  
119 tax (excluding land) for new construction or an amount equal to fifty (50) percent of any  
120 additional property tax attributable to the addition or expansion to the existing structure.

121 F. Sixth Year. Taco shall pay an amount equal to sixty (60) percent of its total property  
122 tax (excluding land) for new construction or an amount equal to sixty (60) percent of any  
123 additional property tax attributable to the addition or expansion to the existing structure.

124 G. Seventh Year. Taco shall pay an amount equal to seventy (70) percent of its total  
125 property tax (excluding land) for new construction or an amount equal to seventy (70) percent of  
126 any additional property tax attributable to the addition or expansion to the existing structure.

127 H. Eighth Year. Taco shall pay an amount equal to eighty (80) percent of its total  
128 property tax (excluding land) for new construction or an amount equal to eighty (80) percent of  
129 any additional property tax attributable to the addition or expansion to the existing structure.

130 I. Ninth Year. Taco shall pay an amount equal to ninety (90) percent of its total property  
131 tax (excluding land) for new construction or an amount equal to ninety (90) percent of any  
132 additional property tax attributable to the addition or expansion to the existing structure.

133 J. Tenth Year. Taco shall pay an amount equal to one hundred (100) percent of its total  
134 property tax (excluding land) for new construction or an amount equal to one hundred (100)  
135 percent of any additional property tax attributable to the addition or expansion to the existing  
136 structure.

137 SECTION 4. This chapter shall expire ten (10) years following the date of the issuance  
138 of the certificate of occupancy for the Project.

139 SECTION 5. This Ordinance shall take effect upon its passage.

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141 Positive Endorsement

Negative Endorsement (attach reasons)

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Christopher Rawson, City Solicitor Date

\_\_\_\_\_ Date  
Christopher Rawson, City Solicitor

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151 Sponsored by: Councilman Archetto

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153 Referred to Finance Committee June 14, 2012

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