

(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, April 11, 2013, in the Council Chambers, City Hall, Cranston, Rhode Island.

CALL MEETING TO ORDER:

The meeting was called to order at 6:50 P.M. by the Chair.

Present: Councilman Steven A. Stycos, Chair
Council Vice-President Michael J Farina, Vice-Chair
Councilman Mario Aceto
Councilwoman Sarah Kales Lee
Councilman Donald Botts, Jr.
Councilman Paul H. Archetto
Council President John E. Lanni, Jr.

Also Present: Gerald Cordy, Director of Administration
Carlos Lopez, Chief of Staff
Evan Kirshenbaum, Assistant City Solicitor
Robert Strom, Finance Director
Kenneth Mason, Public Works Director
Roy Damiano, City Council Internal Auditor
Maria Medeiros Wall, City Clerk
Rosalba Zanni, Assistant City Clerk/Clerk of Committees
Paula Campagna, Stenographer

MINUTES OF THE LAST MEETING:

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

CORRESPONDENCE:

City Clerk stated the following Correspondence:

- Audit recommendation for the Fiscal Year 2012 Audit
- Legal opinion from Solicitor regarding proposed Ordinance 3-13-6
- Correspondence from the Director of Economic Development regarding yearly update in reference to Tax Incentives
- Correspondence from the City Treasurer regarding proposed Ordinance 1-13-3

Chair stated that the sponsor of the four proposed Ordinances regarding Tax Incentive programs, 2-13-4, 2-13-5, 2-13-6 and 2-13-7, has requested that they be withdrawn and they will not be discussed this evening.

PUBLIC HEARINGS/OLD BUSINESS:

Arthur Jordan, 35 Lincoln Park Ave., appeared to speak in favor of proposed Ordinance 2-13-3.

- **Report from Chair on Feb 5, 2013 meeting with administration regarding overspending on overtime accounts in City Departments.** (Cont. from 3/14/2013).

Chair stated that this item was discussed during the Finance Budget hearings and can be removed from the agenda.

- **Discussion of cost of moving Finance Committee Budget Hearings to locations other than City Hall.** (Cont. from 3/14/2013).

Chair stated that this item was discussed during the Finance Budget hearings and can be removed from the agenda.

- ***Fiscal Note on Ordinances**

Chair stated that he met with the Finance Director regarding this issue and Mr. Strom stated to him that he will put the Fiscal Note on Ordinances that have financial impact.

Mr. Strom concurred with Chair and stated that this has always been a policy.

Councilman Aceto questioned whether Zone Change Ordinance would also need a Fiscal Note. Solicitor Kirshenbaum stated that change of land use is governed by Ordinance. It would be difficult to quantify the financial impact on a Zone Change. Councilman Aceto stated that police protection and fire services, children attending school all have financial impact.

Councilman Aceto stated that he will send a memo to the Council Legal Counsel for his opinion because the Charter is clear that any Ordinance with a financial impact needs a Fiscal Note.

1-13-3 Ordinance in amendment of Title 3, Chapter 12 of the Code of the City of Cranston, 2005, entitled "Revenue and Finance, Taxes Generally" (Collection of Past Due Taxes).
(Cont. from 3/14/2013). [\[click here to view\]](#)

On motion by Councilman Aceto, seconded by Council Vice-President Farina, it was voted to recommend approval of this Ordinance.

Under Discussion:

Mr. Strom stated that attached to the Ordinance is a letter from the City Treasurer and this will be included in the tax letter sent to the taxpayers with the bills in June and with dunning notices.

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

2-13-03 Ordinance ratifying the LIUNA (Laborers International Union of North America) Contract, Local 1322 (FY July 1, 2012-June 30, 2015). (Cont. from 3/14/2013). [\[click here to view\]](#)
[\[click here to view\]](#) [\[click here to view\]](#)

On motion by Councilman Aceto, seconded by Councilman Archetto, it was voted to recommend approval of this Ordinance.

Under Discussion:

Mr. Cordy stated that in passing this Ordinance, he asked that the Council consider concessions from this Union and implementation of the 401K type plan for all new employees. He stated that the Administration urges passage of this contract to the full City Council.

Councilman Stycos distributed a handout of an analysis. He stated that at last month's meeting, he questioned the costs of this agreement. He stated that at the end of this contract there will be a \$400,000 increase per year of over what it is now. At the end of this contract, total additional money over a three year period, \$800,000 more spent. Raises over three years, cumulative is 10%. He also indicated to comparison of salary for School Custodians to the City's Custodians. The School Custodians make considerably less then the City Custodians. This contract is too rich and he will not be supporting it.

Councilman Archetto stated that when he was elected to the City Council for the first term, three years ago, and the City was having financial difficulties, it was the Laborers along with the Police and Fire who came forward and negotiated and gave up some perks of the contract. This Union has also been understaffed and had an increase in their healthcare co-pay for most of the members. The numbers in the Chair's analysis may be deceptive. He commended the Laborers for all their work.

Council President Lanni agreed with Councilman Archetto. To compare the City Custodians to the School Custodians is comparing apples to oranges. It would be more accurate to compare the City's Custodians to other Cities and Towns' Custodians.

Council Vice-President Farina stated that with the increase in healthcare co-pay, it makes sense that the City pays back some of the concessions they have given up in the past.

Councilman Aceto stated that the Laborers are always there in emergencies and they have given up a lot and he will be supporting this contract. He asked if the proposed contract would cause a tax increase. Mr. Strom stated, no.

Councilwoman Lee stated that there should be a performance stipulation in the raises and she agreed with the Chair's remarks.

Councilman Botts questioned if this Union is one of the lowest paid in the City, on average. Mr. Jordan stated, yes. Councilman Botts stated that he will be supporting this contract.

Mr. Jordan stated that the Laborers were the first Union to pay 20% co-pay in 1995.

Roll call was taken on motion to recommend approval of this Ordinance and motion passed on a vote of 5-2. The following being recording as voting "aye": Councilmen Botts, Archetto, Aceto, Council Vice-President Farina and Council President Lanni -5. The following being recorded as voting "nay": Councilman Stycos and Councilwoman Lee -2.

2-13-04 Ordinance in amendment of Title 3 of the Code of the City of Cranston, 2005, entitled "Revenue and Finance" (Tax Incentive Reform Commercial Five Year). (Cont. from 3/14/2013). [[click here to view](#)]

2-13-05 Ordinance in amendment of Title 3 of the Code of the City of Cranston, 2005, entitled "Revenue and Finance" (Tax Incentive Reform Commercial Ten Year). (Cont. from 3/14/2013). [[click here to view](#)]

2-13-06 Ordinance in amendment of Title 3 of the Code of the City of Cranston, 2005, entitled "Revenue and Finance" (Tax Incentive Reform Industrial Five Year). (Cont. from 3/14/2013). [[click here to view](#)]

2-13-07 Ordinance in amendment of Title 3 of the Code of the City of Cranston, 2005, entitled "Revenue and Finance" (Tax Incentive Reform Industrial Ten Year). (Cont. from 3/14/2013). [[click here to view](#)]

The above four proposed Ordinances withdrawn by sponsor.

PUBLIC HEARINGS/NEW BUSINESS:

Patrick Sullivan, Esq., appeared to speak regarding proposed Ordinances 3-13-4 and 3-13-5 and stated that he represents several dozen members of the Police and Fire who are retired. He stated that he understands that some groups have an agreement with the Mayor, but not the people he represents. He also stated that, on behalf of his clients, he plans to challenge these Ordinances if they are passed. There is not a vast agreement.

Vincent Matrumalo, North Providence, retired Firefighter, appeared to speak and stated that if proposed Ordinances 3-13-4 and 3-13-5 are passed, there will be a friendly lawsuit. In his opinion, this is all political.

NEW BUSINESS:

- **Real Estate and Tangible Tax Abatements** [[click to view](#)]

On motion by Councilman Aceto, seconded by Councilman Botts, it was voted to recommend approval of the Real Estate and Tangible Tax Abatements. Motion passed unanimously.

- **Motor Vehicle Tax Abatements** [[click to view](#)]

On motion by Councilman Botts, seconded by Councilman Aceto, it was voted to recommend approval of the Motor Vehicle Tax Abatements. Motion passed unanimously.

- **Board of Tax Assessment Review for taxes assessed December 31, 2011 (informational only)** [[click to view](#)]

No action needed.

- **Tax Interest Waiver Approvals**

On motion by Council President Lanni, seconded by Council Vice-President Farina, it was voted to recommend approval of the above Tax Interest Waiver Approvals List. Motion passed unanimously.

- **Tax Interest Waiver Denials**

None.

3-13-04 Ordinance in amendment of Title 2.20.050 of the Code of the City of Cranston, 2005, entitled "Police Pension Fund-Retirement from Service" (Officers or Members Hired Prior to July 1, 1995). [[click to view](#)]

3-13-05 Ordinance in amendment of Title 2.28.050 of the Code of the City of Cranston, 2005, entitled "Firemen's Pension Fund-Retirement from Service" (Members Hired Prior to July 1, 1995). [[click to view](#)]

On motion by Council President Lanni, seconded by Councilman Favicchio, it was voted to recommend approval of the above two Ordinances.

Under Discussion:

Councilman Favicchio urged City Council to pass this Ordinance and proposed Ordinance 3-13-5. They are necessary at this time.

Council President Lanni stated that he had asked Mr. Strom how much average pension is and was told average pension is \$50,000 per year, plus if retiree is over 55 years of age, healthcare worth \$18,000 with a 3% COLA. He does not think Cranston residents make anything close to this amount in pension. It is not fair to the taxpayer and in the long run, it is fair to the retiree.

Councilman Archetto stated that this is the fairest way to address this issue. He does not enjoy voting in favor of this, but it has to be done.

Council Vice-President Farina stated that this is a tough vote, but unfortunately, it has to be done.

Councilman Botts stated that this is not an easy vote. The Administration and the City has inherited this problem and it has been in the making and now we have no choice but to address it.

Chair stated that if this agreement turns into a legal form, he asked if this would come before the City Council for ratification. Mr. Strom stated that he believes it would. Chair asked if the agreement that the Mayor announced includes anything in addition to pension. Councilman Favicchio stated Point of Order: this is not on the agenda and should not be part of the discussion this evening. Council Vice-President Farina agreed with Councilman Favicchio. Chair challenged this.

On motion by Council Vice-President Farina, seconded by Council President Lanni, it was voted to not speak regarding matters on this docket and the agreement is not germane to this discussion. Motion passed on a vote of 4-3. The following being recorded as voting "aye": Councilmen Botts, Archetto, Council Vice-President Farina and Council President Lanni -4. The following being recorded as voting "nay": Councilmen Stycos, Aceto and Councilwoman Lee -3.

Chair stated that he does not see an alternative other than what the Mayor proposes. He will be voting for this Ordinance. It makes him very angry to vote for it. He blames former Mayor Trafficante for this issue.

Mr. Strom stated that the Administration met with active and retired members and had approximately eight meetings and have had difficult sessions. In his opinion, everybody was looking for the best situation. It is necessary that these Ordinances be passed and be forwarded to the full City Council.

Roll call was taken on motion to recommend approval of this Ordinance passed on a vote of 7-0. The following being recorded as voting "aye": Councilmen Stycos, Botts, Archetto, Aceto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -7.

On motion by Council President Lanni, seconded by Councilman Botts, it was voted to reconsider the above two Ordinances. Motion passed unanimously.

On motion by Councilman Archetto, seconded by Councilman Aceto, it was voted to recommend approval of Ordinance 3-13-4. Motion passed on a vote of 7-0. The following being recorded as voting "aye": Councilmen Stycos, Botts, Archetto, Aceto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -7.

On motion by Council Vice-President Farina, seconded by Council President Lanni, it was voted to change the date to July 1, 2013 on line #411. Motion passed on a vote of 7-0. The following being recorded as voting "aye": Councilmen Stycos, Botts, Archetto, Aceto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -7.

On motion by Council Vice-President Farina, seconded by Council President Lanni, it was voted to recommend approval of Ordinance 3-13-4 as amended. Motion passed on a vote of 7-0. The following being recorded as voting "aye": Councilmen Stycos, Botts, Archetto, Aceto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -7.

On motion by Councilman Archetto, seconded by Councilman Botts, it was voted to recommend approval of Ordinance 3-13-5. Motion passed on a vote of 7-0. The following being recorded as voting "aye": Councilmen Stycos, Botts, Archetto, Aceto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -7.

On motion by Council Vice-President Farina, seconded by Council President Lanni, it was voted to change the date to July 1, 2013 on line #131. Motion passed on a vote of 7-0. The following being recorded as voting "aye": Councilmen Stycos, Botts, Archetto, Aceto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -7.

On motion by Council President Lanni, seconded by Council Vice-President Farina, it was voted to recommend approval of Ordinance 3-13-5 as amended. Motion passed on a vote of 7-0. The following being recorded as voting "aye": Councilmen Stycos, Botts, Archetto, Aceto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -7.

3-13-06 Ordinance in amendment of Title 3 of the Code of the City of Cranston, 2005, entitled "Revenue and Finance" (Capital Budget-Paving Funds Allocation). [\[click to view\]](#)

On motion by Councilman Botts, seconded by Councilwoman Lee, it was voted to deny this Ordinance.

On motion by Councilman Archetto, seconded by Councilman Aceto, it was voted to amend line #34 making Ward 3 equal to all the Wards by amending \$200,000 to \$50,000.

Under Discussion:

Councilman Stycos asked if this is a legal amendment. Solicitor Kirshenbaum stated that this amendment would not change the Solicitor's legality opinion.

Roll call was taken on motion be recommend approval of this Ordinance as amended and motion passed on a vote of 4-3. The following being recorded as voting "aye": Councilmen Aceto, Archetto, Council Vice-President Farina and Council President Lanni -4. The following being recorded as voting "nay": Councilmen Stycos, Botts and Councilwoman Lee -3.

Council President Lanni stated that the Council should obtain a legal opinion from the Council legal counsel before this Ordinance is passed because this would be giving the Public Works Director an order of what streets to pave and earlier in the meeting, it was stated that the Charter states that the City Council cannot order a Director to do anything.

Councilman Archetto stated that he does not have a problem continuing this Ordinance if the Committee wishes in order for concerns stated this evening can be addressed.

Council Vice-President Farina stated that he would like to have the Council attorney's opinion rather than denying the Ordinance.

Councilman Favicchio stated that the Council needs to be careful because it could be violating the Charter. There could be a separation of power issue. It is an administrative function and the Council cannot micromanage City departments.

Councilman Botts withdrew his motion to deny and Councilwoman Lee withdrew her second to the motion.

On motion by Council Vice-President Farina, seconded by Councilman Archetto, it was voted to continue this Ordinance to the next meeting and obtain legal opinion from the Council attorney. Motion passed on a vote of 7-0. The following being recorded as voting "aye": Councilmen Stycos, Aceto, Botts, Archetto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -7.

Gavel was handed to the Vice-Chair.

3-13-07 Ordinance in amendment of Title 3.68 of the Code of the City of Cranston, 2005, entitled "Revenue and Finance" (Tax Incentive Repeal-Katherine Gibbs). [\[click to view\]](#)

On motion by Councilman Stycos, seconded by Councilman Aceto, it was voted to recommend approval of this Ordinance.

Under Discussion:

Councilman Stycos stated that since Katherine Gibbs is no longer in the City, this is a housekeeping matter.

Council President Lanni stated that Sanford Brown is at this location. He asked if Sanford Brown has a Tax Incentive. Solicitor Kirshenbaum stated, no.

Councilman Aceto asked who pays the taxes on this property. Solicitor Kirshenbaum stated that he does not have this information, but it can be obtained.

Chair stated that in the Committee's packets, there is evidence that Sanford Brown did have a Tax Incentive.

On motion by Council Vice-President Farina, seconded by Council President Lanni, it was voted to recommend approval of this Ordinance.

Under Discussion:

Councilman Stycos stated that this should be passed to the full City Council and ask Solicitor to confirm that this indeed is a housekeeping matter and does not involve any substantive changes.

Councilman Archetto asked that Mr. Strom find out from the Tax Assessor who pays taxes on this property, who owns the property and would this effect the 2012 taxes and if there are any taxes due.

Council Vice-President Farina stated that he checked online tax information and the property is owned by RI Industrial Facilities Corp. c/o Paolino Properties.

Roll call was taken on motion to recommend approval of this Ordinance and motion passed on a vote of 4-3. The following being recorded as voting "aye": Councilman Stycos, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -4. The following being recorded as voting "nay": Councilmen Aceto, Botts and Archetto -3.

3-13-08 Ordinance in amendment of Title 3.76 of the Code of the City of Cranston, 2005, entitled "Revenue and Finance" (Tax Incentive Repeal-Automotive Dealerships). [\[click to view\]](#)

On motion by Councilman Stycos, seconded by Council President Lanni, it was voted to recommend approval of this Ordinance.

Under Discussion:

Councilman Stycos stated that this is a housekeeping Ordinance.

Councilman Archetto asked what the Administration's and the Economic Development Department's position is on this Ordinance. Mr. Cordy stated that the Economic Development Director is out due to surgery. He can find out his position on this Ordinance.

Councilman Archetto asked if by passing this Ordinance, it would discourage car dealerships from locating to Cranston.

Motion and second were withdrawn.

On motion by Councilman Stycos, seconded by Councilman Archetto, it was voted to continue this Ordinance to the next meeting so the Solicitor can determine whether this would have impact. Motion passed on a vote of 7-0. The following being recorded as voting "aye": Councilmen Stycos, Aceto, Botts, Archetto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -7.

Gavel was handed back to the Chair.

Resolution authorizing the Mayor to enter into and approving a Memorandum of Agreement with the Rhode Island Department of Transportation for reimbursement for Police details. [\[click to view\]](#)

On motion by Councilman Botts, seconded by Councilman Aceto, it was voted to recommend approval of this Resolution. Motion passed on a vote of 7-0. The following being recorded as voting "aye": Councilmen Stycos, Aceto, Botts, Archetto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -7.

****4-13-01S** Ordinance in amendment of Title 13 of the Code of the City of Cranston, 2005, entitled "Public Services". [[click to view](#)]

On motion by Council Vice-President Farina, seconded by Council President Lanni, it was voted to recommend approval of this Ordinance.

Under Discussion:

Mr. Mason stated that this proposed Ordinances changes the sewer rates for this coming Fiscal Year.

Chair stated that this is part of the Budget, he questioned why it is listed on this agenda. Solicitor Kirshenbaum stated that going forward, this Ordinance should go through this process when being approved. Chair stated that he was planning to make amendments to this Ordinance during the Budget. Solicitor Kirshenbaum stated that he can continue the Ordinance until the Budget amendments are made.

On motion by Council Vice-President Farina, seconded by Council President Lanni, it was voted to continue this Ordinance to May 1st, date of Budget Finance Amendments.

Under Discussion:

Councilman Archetto stated that he would like to discuss this Ordinance and ask questions this evening, prior to May 1st.

Council President Lanni stated that we are stating that there is no increase in taxes, but we are proposing to increase the sewer by 5%.

Councilman Archetto questioned if this Ordinance affects the Sewer Fund Budget just for the next Fiscal Year.

Roll call was taken on motion to continue this Ordinance to May 1st and motion failed on a vote of 2-5. The following being recorded as voting "aye": Councilmen Stycos and Botts -2. The following being recorded as voting "nay": Councilmen Aceto, Archetto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -5.

On motion by Council Vice-President Farina, seconded by Councilman Archetto, it was voted to recommend approval of this Ordinance.

Under Discussion:

Councilman Archetto re-asked the question he asked earlier. Mr. Mason stated that this is just for the one year. Councilman Archetto stated that this increase will affect community areas that has sewers. There will be areas that will be tax free, areas who do not have sewers.

Solicitor Kirshenbaum stated that the reason for passing this Ordinance at this time is for additional protection from people who make claims when this Ordinance is not on the books. This will codify this Ordinance and will be a protection against those claims. He indicated that the sewer fees are totally dependent on the upkeep and expenses of the Sewer Enterprise Fund and Sewer System.

On motion by Council President Lanni, seconded by Councilman Botts, it was voted to move the question. Motion failed on a vote of 2-5. The following being recorded as voting "aye": Councilman Botts and Council President Lanni -2. The following being recorded as voting "nay": Councilmen Stycos, Aceto, Archetto, Councilwoman Lee and Council Vice-President Farina -5.

Motion to approve and second were withdrawn.

Solicitor Kirshenbaum stated that the Sewer Enterprise Fund is paid through a rate increase. If this is not approved, we would have to take out a bigger bond.

On motion by Council Vice-President Farina, seconded by Councilman Archetto, it was voted to continue this Ordinance to the May 1st Finance Budget meeting. Motion passed on a vote of 7-0. The following being recorded as voting "aye": Councilmen Stycos, Aceto, Botts, Archetto, Councilwoman Lee, Council Vice-President Farina and Council President Lanni -7.

The meeting adjourned at 9:00 P.M.

Respectfully submitted,



Rosalba Zanni
Assistant City Clerk/Clerk of Committees