

*(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, January 14, 2016, in the Council Chambers, City Hall, Cranston, Rhode Island.

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

The meeting was called to order at 7:02 P.M. by the Chair.

Present                    Councilman Steven A. Stycos, Chair  
                                 Council Majority Leader Paul H. Archetto, Vice-Chair  
                                 Councilman Michael J Farina  
                                 Councilman Mario Aceto  
                                 Councilman Donald Botts, Jr.  
                                 Council Vice-President Richard D. Santamaria, Jr.  
                                 Council President John E. Lanni, Jr.

Also Present:            Robert Coupe, Director of Administration/Acting Personnel Director  
                                 Christopher Rawson, City Solicitor  
                                 J. Patrick O'Neill, Assistant City Solicitor  
                                 Robert Strom, Director of Finance  
                                 Salvatore Saccoccio, City Assessor  
                                 Anthony Moretti, City Council Internal Auditor  
                                 Maria Medeiros Wall, City Clerk  
                                 Heather Finger, Stenographer

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

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

### **CORRESPONDENCE:**

## OLD BUSINESS:

- **FY 2016 Audit Discussion**

**Mr. Moretti** stated that the Audit technically is still not complete. The only outstanding item is the Charter School Audit that needs to be completed, which could possibly be tomorrow. Sometime early next week, a meeting of the Audit Committee should be held provided that the Charter School numbers are given in enough time to allow the Audit Committee to review and make a recommendation to the full City Council for their January 25<sup>th</sup> meeting. Hopefully, there won't be any further delay in getting the Audit out. There have been a few conversations prior to requesting an extension for submitting the financials to the State. One of the conversations was with the Auditors, Director Strom and Director Balducci, followed up with a conference call with Councilman Stycos, Council President Lanni and himself, the Auditors and the Auditor General. Everyone understood and understands that the City Council determined on the 21<sup>st</sup> of December that they felt that the Audit was not complete at that time and they wanted to hold off until that was the case to approve the Audit. The Auditor General was amiable to that and the next day Director Strom send the request for an extension and it was accepted by the Auditor General with no problems.

**Councilman Aceto** asked Councilman Stycos if he will plan on scheduling a Special Audit Committee meeting to discuss the Audit prior to it going before the full City Council. Chair stated that he did not think about that. He asked for the Committee's opinion on this. Councilman Aceto stated that he would like it to go before the Finance Committee. Councilman Farina stated that his only concern is there won't be enough time. The bulk of the Audit was discussed by the Finance Committee. If any other questions come up, they can be addressed at the Council meeting. Chair pointed out that the management letter is almost never ready at the time that the Audit is ready. The Audit could be approved and then the management letter could be discussed further when it is ready.

**Mr. Strom** stated that usually the management letter comes out when they finalize the single Audit, which is usually done the end of January beginning of February. The Audit itself is usually approved or accepted by the end of December. This year, as stated by Mr. Moretti, the Charter School was late in providing the date and accounting information of GASB 68 and it delayed the process. We should have that by tomorrow. If the Audit Committee cannot meet next week, he thinks the Audit should be forwarded to the full City Council for January 25<sup>th</sup>. He also has submitted an extension to the National GFOA and that has been approved as well as the Auditor General.

**Council President Lanni** asked Mr. Moretti if by the Council not approving the Audit would have an effect on our bond rating or anything. Mr. Moretti stated, no, it would not. Council President Lanni stated that contrary to what the Mayor publicized on TV and in the newspapers that the City Council was playing politics with his Budget and hurt the City of Cranston's reputation, actually the Audit was not and still is not completed because the Charter School is still not done yet. This Council did its due diligence to make sure everything was right before the Audit was approved. He has no problem having the Audit Committee review the Audit and passing it onto the City Council.

**Chair** stated that he has been advised that a motion and second is needed to amend the agenda so this issue can be discussed.

On motion by Councilman Farina, seconded by Councilman Aceto, it was voted to amend the agenda to add this item in order to discuss it. Motion passed unanimously.

**Chair** called for an Audit Committee meeting to be held on Thursday, January 21, 2016 at 6:30 P.M.

**Chair** announced that the Allen Foundation has announced a small grant of \$5,000 to \$15,000 in their 100<sup>th</sup> Anniversary celebration and he, Councilman Archetto and Sandra Boyer from Cranston Historical Society have been discussing the possibility of putting in a grant for a series of historical markers and they have spoken to Ken Filarski and he is going to try to put something together. He believes the deadline is February 8<sup>th</sup> or 12<sup>th</sup> and he asked that if anyone has ideas of good things in Cranston to historically mark, they be sent to Mr. Filarski and based on the material he receives, he will put something together.

**Council Vice-President Santamaria** stated that he had in the past asked Mr. Filarski to check to see if cameras could be obtained for the Park View Middle School area and now there has been thefts of trucks there and he asked if the Administration could obtain estimated costs to have cameras installed in that area, along with the Public Works garage and the Stadium. He also stated that he will speak to Mr. Filarski to see if he can get some grant money for that.

**9-15-01      Ordinance authorizing the City to utilize Western Cranston Library Impact Fees for Central Library Youth Services renovation. (Cont. 11/12/2015).**

**11-15-05      Ordinance amending the FY 2016 Capital Budget to include the expenditure of Impact Fees. Sponsored by Councilman Farina. (Tabled 12/17/2015).**

**Councilman Farina** stated that he will be withdrawing both of these Ordinances since he received a letter from the Library Board today stating that due to the timing, they will be pulling these Ordinances.

**Chair** stated that he would like to move one of the Ordinances so discussion can be held because Mr. Quinlan has done research on the legal issues.

**Councilman Farina** stated that since he has withdrawn both Ordinances, someone would have to sponsor them. Chair stated that he will sponsor Ordinance 9-15-01. City Clerk indicated that Councilman Farina sponsored Ordinance 11-15-05 and the Administration sponsored Ordinance 9-15-01.

**Council Vice-President Santamaria** stated that the agenda indicates that Ordinance 11-15-05 was tabled. He suggested leaving it on the table and let it die. Nothing needs to be done by Councilman Farina and anybody. He asked for Mr. Quinlan's opinion.

**Chair** asked Mr. Quinlan if something can be withdrawn by the sponsor if it was tabled. Mr. Quinlan stated, yes, it can. Chair stated that sponsor has withdrawn 11-15-05 so no action can be taken. If the Committee would like Mr. Quinlan to speak regarding his research of on the Impact Fees, of how they can be used and how they work, a motion is needed to sponsor Ordinance 9-15-01.

Chairman Stycos indicated that he will sponsor Ordinance 9-15-01.

On motion by Chairman Farina, seconded by Council President Lanni, it was voted to approve Chairman Stycos as sponsor of Ordinance 9-15-01.

Under Discussion:

**Chair** asked Mr. Quinlan to address his research.

**Mr. Quinlan** stated that Impact Fees are covered in three separate areas. They are covered by State Law, they are covered by Charter Section 6.12 and they are covered by Ordinance. In the Charter, it specifically states that after the adoption of the Capital Budget by the majority members of the City Council, no monies shall be expended or contract entered into for capital improvements during the ensuing Fiscal Year except in accordance with the Capital Budget. So, if it is not in the Capital Budget that is currently in effect, it has to go into the next Capital Budget to expend those funds. As to the Library issue, because the Central Library is located technically in the definition of Eastern Cranston, the question is can funds from the Western Cranston Impact Fees Account be expended on that. In his opinion, based on State Law, they can be because the Central Library serves all parts of the City. As to timing, he indicated to Section 15.04.020 of the Code and Section 45.22.4-3 of State Law, which State Law specifies that it must go through the municipal Capital Budget process.

**Chair** stated that the Library Director indicated to him that their intention is to take the \$200,000 Grant from the Champlin Foundation and use it for what they applied for, which is to renovate the children's section at the Central Library.

**Chair** withdrew his sponsorship of Ordinance 9-15-01. Councilman Farina and Council President Lanni withdrew their motions.

**PUBLIC HEARINGS/NEW BUSINESS:**

**Paul Valletta**, President of Local 1363, appeared to speak in favor of Ordinance 12-15-05 and stated that this is a fair agreement. He also stated that Mr. Moretti questioned the Fiscal Note where it has listed "vacancies", and there should be Overtime figured into as to the cost. He stated that this would be an impossible task to do for various reason.

**Lawrence DiBoni**, Director of Economic Development, appeared to speak regarding Tax Incentive Application for JMDH Real Estate of Cranston, LLC (Restaurant Depot) – Ten Year Commercial. He stated that the Tax Incentive is only intended for the increase on assessment of new taxes to the expansions and renovations. The current taxes are \$85,897 with estimated additional taxes of \$40,000, but that could change. This Incentive would allow the business to pay additional taxes on the building in increments of 10% per year for the next ten years and at \$40,000, that would be \$4,000 per year.

**Robert Murray, Esq.**, appeared to represent JMDH Real Estate of Cranston LLC and emphasized that there will be increase in employment. He introduced Larry Cohen, Chief Operating Officer of Restaurant Depot and Brian Sculman, Regional Manager.

**Larry Cohen** appeared to speak and stated that Restaurant Depot opened in Cranston in 2003. Approximately two years ago, they came before the City for a small expansion, which they have done. In the meantime, they are present this evening to request an Incentive. They are looking to hire at least 20-25 permanent employees. Their growth and success is due to the growth and success of the small local restaurateurs.

**12-15-03 Ordinance ratifying the International Association of Firefighters, AFL-CIO Local Union 1363 (FY 2016-2019). Sponsored by Mayor Fung.**

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

Under Discussion:

**Mr. Moretti** addressed the Fiscal Note and stated that he concurs 100% with Mr. Strom's numbers and his calculations.

**Mr. Strom** stated that in FY 2016, even though we are under in manpower due to IOD, sick, vacations, or whatever it may be, we budgeted last year in 2016 for 196. When you see 8 firefighters down in FY 2017, we are not going to be budgeting at 196, we are going to be budgeting at 188 and it will be reflected in the Budget. This is why it shows a substantial decrease in 2017. The good thing is in 2017 there are no increases, just decreases, which will save the City approximately \$154,000. Overall, he feels this is a fair budget. He thinks over three years, it comes out to 6.09%.

**Councilman Aceto** addressed the five firefighters who are out that should be on State Disability and are fighting that and asked Mr. Valletta if there is any light at the end of the tunnel on this. Mr. Valletta stated, no, we have agreed to change State Law two years ago where now as someone is in that position they go before the Workers Compensation Judge. These five people are grandfathered because they filed their retirement papers before this law went into effect. We are working on that with the Administration.

**Council Minority Leader Favicchio** and **Councilman Farina** both agreed that this is a fair contract.

**Council Vice-President Santamaria** agreed that this is a fair contract and stated that the department does a great job.

**Council President Lanni** and **Councilman Botts** both echoed the statements made by Council Vice-President Santamaria.

**Council Majority Leader Archetto** also agreed that this is a fair contract and they deserve every penny. He also thanked the Administration for negotiating a fair contract for the City.

**Councilman Aceto** agreed that this is a fair contract and stated that the firefighters do a lot for the City and for the community.

**Chair** asked of an explanation of the 401 Plan for civilian employees. Mr. Coupe stated that during negotiations, the Administration pressed for a provision to move civilian employees into a defined contribution retirement plan to match many of the other City employees. Although many of the negotiators from the Fire Union were not willing to make this change, they were willing to agree to make that an optional provision for civilian employees.

**Chair** asked why civilian employees. Mr. Coupe stated that we have to take one step at a time. The firefighters were not willing to address that, but they have a number of civilian employees that are represented by their bargaining unit and the Administration thought matching their retirement plan to the one that is available to the other City employees, who are civilians and not Police and Fire, made sense and we ended up agreeing to make that a voluntary program at this point.

**Chair** stated that if people are allowed to go into a 401K, the City will end up paying more for the State Plan because there is less money going into it. Mr. Coupe stated that he understands this point, but he does not see any real impact because we are talking about a handful of employees.

**Mr. Strom** asked that the Council keep in mind that in the 401K, the City only has to contribute 3% into the Fund and on the State side we are contributing 10%. Right there, there is a savings if the employee decides to go into the 401K Plan.

**Councilman Aceto** asked how many people are citywide on the 401K program since we have switched over to that program. Mr. Strom stated, approximately 38 people. He does not know how many people would opt for this plan, but the other bargaining units this plan is offered for new employees. This contract provision is not just for new employees.

**Chair** stated that he will be voting against this contract because the large financial problems that are in the Fire Department mainly Overtime, is not being addressed at all. Also because they receive 15 paid holidays, which is excessive.

Roll call was taken on motion to recommend approval of this Ordinance and motion passed on a vote of 6-1. The following being recorded as voting "aye": Council Majority Leader Archetto, Councilman Farina, Council Vice-President Santamaria, Councilmen Botts, Aceto and Council President Lanni -6. The following being recorded as voting "nay": Councilman Stycos -1.

### **Tax Incentive Application for JMDH Real Estate of Cranston, LLC (Restaurant Depot) – Ten Year Commercial.**

On motion by Councilman Farina, seconded by Councilman Botts, it was voted to recommend approval of this Tax Incentive Application.

#### Under Discussion:

**Councilman Botts** stated that this company has done and does a fine job. They are adding jobs in the City and this is a win win and he will be voting in favor of this Tax Incentive.

**Councilman Farina** stated that he will also be supporting this Tax Incentive. This business attracts a lot of entrepreneurs and small businesses take advantage of this their services.

**Council Vice-President Santamaria** stated that he will be voting in favor of this Tax Incentive mainly because they will be adding more jobs.

**Council Majority Leader Archetto** thanked the representatives from this business for operating in Cranston and stated that the City needs to send a message out that Cranston is a business friendly community.

**Council President Lanni** congratulated this business for staying in Cranston and for expanding.

**Chair** stated that he will be opposing to this Tax Incentive because they were going to expand anyway and everyone else will be paying a little more in taxes because this business will not be paying on its full Real Estate and it gives an unfair advantage to them over their competitors and that is not fair.

**Council Minority Leader Favicchio** stated that he will be voting in favor of this Tax Incentive. Businesses do like these programs.

Roll call was taken on motion to recommend approval of this Tax Incentive Application and motion passed on a vote of 6-1. The following being recorded as voting "aye": Council Majority Leader Archetto, Councilman Farina, Council Vice-President Santamaria, Councilmen Botts, Aceto and Council President Lanni -6. The following being recorded as voting "nay": Councilman Stycos -1.

- **Real Estate Tax Abatements**

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

- **Motor Vehicle Tax Abatements**

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

- **Tax Assessment Board of Review Decisions as of December 31, 2014**

**Chair** asked why there were so many in this batch from Carpionato Corp. and Chapel View. Mr. Saccoccio stated that during the revaluation, they never came in with any of their monetary information that is requested from everyone so we had to rely on what we thought was there. Once the values went out, they contacted the City and because it was too late to make any changes, the Board did their due diligence and he also looked at what they had there. He did not agree wholly with everything, but that is what we had to go on.

No action needed.

- **Tax Interest Waiver Approvals**

On motion by Councilman Botts, seconded by Council Majority Leader Archetto, it was voted to recommend approval of the above list of Tax Interest Waiver Approvals. Motion passed unanimously.

- **Tax Interest Waiver Denials**

On motion by Councilman Botts, seconded by Council Majority Leader Archetto, it was voted to recommend approval of the above list of Tax Interest Waiver Denials. Motion passed unanimously.

The meeting adjourned at 8:25 P.M.

Respectfully submitted,

  
Maria Medeiros Wall, JD

(Transcribed by Rosalba Zanni  
Assistant City Clerk/Clerk of Committees)