

# FINANCE COMMITTEE

**THURSDAY, APRIL 14, 2016 @ 6:30 P.M.**

*(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).*

Regular meeting of the Finance Committee was held on Thursday, April 14, 2016, in the Council Chambers, City Hall, Cranston, Rhode Island.

## **CALL MEETING TO ORDER:**

The meeting was called to order at 6:30 P.M. by the Chair.

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

Absent:                    Council Majority Leader Paul H. Archetto, Vice-Chair

Also Present:            Council Minority Leader Michael Favicchio  
                                 Robert Coupe, Director of Administration/Acting Personnel Director  
                                 Patrick O'Neill, City Solicitor  
                                 Robert Strom, Director of Finance  
                                 Kenneth Mason, Director of Public Work  
                                 Anthony Moretti, City Council Internal Auditor  
                                 Rosalba Zanni, Assistant City Clerk/Clerk of Committees  
                                 Heather Finger, Stenographer

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

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

**OLD BUSINESS: (none)**

## **PUBLIC HEARINGS/NEW BUSINESS:**

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**Julie Holden, Assistant Library Director** appeared on behalf of Director Garcia to speak in favor of Resolution regarding State Aid to the Libraries.

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

**Motion to approve by Councilman Botts, seconded by Council President Lanni, Motion passed unanimously.**

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

**Motion to approve by Councilman Aceto, seconded by Councilman Botts. Motion passed unanimously.**

- **Tax Assessment Board of Review Decisions as of December 31, 2014** [\[click to view\]](#)

No action needed.

- **Tax Interest Waiver Approvals** [\[click to view\]](#)

**Motion to approve by Councilman Farina, seconded by Councilman Aceto. Motion passed unanimously**

**Report from Administration on cost of former Senior Services Director, Susan Stenhouse's resignation from the City, severance, and costs of her replacement. Council President Lanni.**

**Mr. Strom** reported that there was a savings of \$2,307. Unemployment paid out was \$1,674.00, severance was \$6,287.00. Difference of \$2,308. Not having to pay her salary for six periods is \$12,576.00. Going forward there will be a greater savings because there won't be any more unemployment being paid since she is now employed.

**Council President** asked how many vacation days did she have. Mr. Strom stated he would have to check into exact amount, but believe it was a little more than 2 weeks. Council President asked what is the person's salary that is acting. Mr. Strom state he does not know the exact amount although he will provide it. Council President asked if Administration plans on having the acting director come before the City Council for ratification or will he serve as acting director without Council approval?

**Director Coupe** stated that the Acting Director at this point has not expressed an interest in becoming the permanent director. Eventually plan to go out to recruitment for permanent director because there are actually other positions in the Department that Administration is trying to fill first.

**Discussion of Fourth Quarter Adjustments Process** (Chairman Stycos).

Mr. Strom stated that since 2004 the Administration has come before the City Council in June as new business to have the 4<sup>th</sup> quarter transfers passed in July. Since 2014 and 2015 it was late for various reasons. The Charter does state that the process has to be finished in the 4<sup>th</sup> quarter. He stated that it has not been passed in the 4<sup>th</sup> quarter in the last 12 years; it has been introduced in the 4<sup>th</sup> quarter.

The **Chair** asked if he couldn't submit something in June to advise the City Council when transfer need to be done. Mr. Strom said he would have to check with his staff to see if possible.

**Councilman Aceto** asked if there was an Ordinance that covers 4<sup>th</sup> quarter transfers. Solicitor stated he will have to check, he is not aware of one. Mr. Strom stated that he does introduce intradepartmental transfers all year long. Interdepartment transfers are done at the end of the 4<sup>th</sup> quarter then adjustments are made under Sec. 6.16 of the Charter. He felt that this should be changed in the Charter at some point.

Mr. Moretti stated that in his opinion the 4<sup>th</sup> quarter transfers is just to show where each account stands. Mr. Strom stated that the City Council and their Auditor are forwarded monthly financial statements. Council President stated that they give the City Council an idea, especially during the budget of which departments have surpluses and which need more money.

Mr. Strom stated that even if the City Council did not approve the transfers, the figures are what they are. It makes no difference with the financial results.

The **Chair** asked that this be continued to next month for Mr. Strom to report on possibility of adjustments being made in June. .

**4-16-01S      Ordinance in amendment of Title 13 of the Code of the City of Cranston, 2005, entitled "Public Services" (Sewers). [\[click to view\]](#)**

Motion to approve by Councilman Farina, seconded by Council President Lanni, Under Discussion:

Mr. Mason stated he is not sure how this Ordinance is on the agenda as it is part of the budget process. He presented overview of the Ordinance. The proposed increase is for 3% overall in each line item.

**Councilman Aceto** asked if this is a fee increase or tax increase? **Mr. Mason** stated this is a user fee increase. **Council President** questioned since we have a lawsuit with RIRRC, if we get a windfall can we lower the sewer fees? **Mr. Mason** stated if there is a windfall it would have to be reflected in next year's sewer fees.

Chair asked as of today if we are anticipating it will be a 18% rather than 25% over the five (5) years. Mr. Mason said he won't know until this time next year. Councilman Aceto inquired how much is in the sewer enterprise fund. Mr. Strom stated that it fluctuates. He would say it runs from \$10 - \$12 million. That is cash. Councilman Aceto inquired how much we realized from the sludge burning operation with Veolia. Mr. Mason stated we allocated \$500,00 in revenues in this year's budget.

Motion by Councilman Farina to continue this Ordinance to May 9<sup>th</sup>, the budget adoption, seconded by Council President Lanni. Motion passed unanimously.

**\*Resolution in support of legislation restoring funding for the State Aid to libraries to the full 25 percent. [\[click to view\]](#)**

Motion to approve by Councilman Farina, seconded by Council President Lanni. Motion passed unanimously.

**\*Resolution Authorizing the Purchase of Street Lights, the Conversion of Fixtures to Light-Emitting DIODE (“LED”) Technology, and the Financing Thereof Through a Lease Purchase Agreement and Authorizing the Execution and Delivery of a Lease Purchase Agreements and Related Instruments, and Determining Other Matters in Connection Therewith. Sponsored by Councilman Favicchio. [\[click to view\]](#)**

**Motion to approve by Councilman Farina**, seconded by Council Vice President Santamaria. Under Discussion:

Mr. Mason stated that we have 9,600 street lights. In February, 2016 we sent a Notice of Intent to Purchase the street lights from National Grid. We are looking to take ownership of the lights in August. It currently costs the city approximately \$900,000 per year in rental fees to National Grid, which includes maintenance of the existing fixtures. In addition we pay Direct Energy approximately \$450,000 - \$500,000 per year for the actual electric usage. Upon purchase of the light fixtures the city will proceed to convert the existing fixtures to LED technology which is estimated to cost \$3,500,000. The city has advertised an RFP for project administration and the LED conversion work, and proposals are due on May 3<sup>rd</sup>. Upon completion of the project, the City will save approximately \$400,000 per year on the streetlight budget. The savings include the debt service for the lease purchase agreement.

Council President asked which only a savings of \$400,000 if we are paying National Grid \$1 million. Mr. Mason said we would still have maintenance fees and debt service on the municipal lease.

Council Vice President asked why National Grid is not doing this. Mr. Mason said that was a good question, he does not know and would have to ask them.

Council Vice President asked how much would it cost to oversee this. Director Coupe stated that we would have to evaluate the responses to the RFP. We have looked t responses from other cities. Councilman Farina asked who would own the poles. Mr. Mason said the poles would still be owned by National Grid. The Chair stated that he would rather discuss this further. **Motion to approve and second were withdrawn.**

Councilman Aceto asked if anyone has thought about the ten (10) year moratorium on adding street lights to new developments in the City since we have developments that now have no street lights. Mr. Mason: especially in the newer developments in western Cranston, there are underground utilities which would make it very expensive to do. Some areas such as Rome Court are very dark.

Director Coupe: There have been no conversations about this and have to take this one step at a time. Chair asked what the point of this Resolution was. Director Coupe stated it was prepared by the City bond counsel and this is the City Council’s approval for the City to go forward with this.

Chair stated that he feels this is a good project but is a little nervous about the Resolution and would like to continue it and have Attorney Quinlan review it.

**Motion to continue this matter to next month’s Finance by Councilman Farina.** Seconded by **Councilman Botts.** Under Discussion: Councilman Aceto said that we need to get to the Legislature

before they adjourn in June. Director Coupe said that this does not need enabling legislation. It is a lease purchase agreement. **Motion passed unanimously.**

**Resolution Loan Order authorizing the issuance of General Obligation Refunding Bonds of the City of Cranston to refund the City's General Obligation Bonds dated July 1, 2008.** [\[click to view\]](#)

**Motion to approve by Councilman Farina, seconded by Council President Lanni.**

Under Discussion: Motion passed unanimously. Mr. Strom stated that the original bond was in 2008 for \$13 million and we will be bond only on the balance left of \$9 million. The interest rate was 4.5%, this refinance will reduce it to 2.32% and will general a substantial savings of \$663,000, \$300,000 in the first year. **Motion passed unanimously**

**Resolution Loan Order authorizing the issuance of General Obligation School Refunding Bonds of the City of Cranston to refund the City's General Obligation Bonds issued to the Rhode Island Health and Education Building Corporation.** [\[click to view\]](#)

**Motion to approve by Councilman Farina, seconded by Council President Lanni.** Under Discussion. Mr. Strom stated that on the school side the savings are not as beneficial. Interest of 4.25 – 6% in 2008 and will drop to 2.41% with \$500,000 savings. Duration is not extended, the maturity date retains the same which is 2029. **Motion passed unanimously**

The meeting adjourned at 8 P.M.

Respectfully submitted,

Maria Medeiros Wall, City Clerk  
(transcribed from notes taken by  
Rosalba Zanni, Clerk of Committees)