

FINANCE COMMITTEE

THURSDAY, MAY 12, 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, May 12, 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
 Council Majority Leader Paul H. Archetto, Vice-Chair
 Council Vice-President Richard D. Santamaria, Jr.
 Councilman Mario Aceto
 Councilman Donald Botts, Jr.
 Council President John E. Lanni, Jr.

Absent: Councilman Michael J Farina

Also Present:
 Robert Coupe, Director of Administration/Acting Personnel Director
 Patrick O'Neill, City Solicitor
 Robert Strom, Director of Finance
 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.

OLD BUSINESS:

Discussion of Fourth Quarter Adjustments Process Cont 4/14/2016 (Chairman Stycos).

Chair asked Mr. Strom that he was okay with submitting some kind of rough adjustments in May for June. Robert Strom stated he believed it would be in the month of June and then act on it in July.

Councilman Aceto discussed the snow account as an example and that any overage would be paid from a contingency account so that would not need an adjustment is that correct. Mr. Strom stated that was a good example but those figures are now set as we're not getting any more snow but there are other items that could be increasing between now and June 30th. Can provide a better picture if can wait until June so would have at least 2/3 of the numbers in.

Lanni stated what looking for when have to balance an account because money is short from what department transferred from and to. Seems simple to me can't understand the controversy. Used to get them all the time. The reason was to know what department had overages for when we prepare the budget.

Councilman Stycos stated there is another issue as well that is if there's a surplus, sometimes the Mayor decides to use that money to buy something additional, such as rescue, police car and the Council should be involved in that decision just like the budget process. Mayor needs to obtain council approval for proposal to send any surplus.

Councilman Botts agreed on that point. If there's a surplus or deficit you have to come to the Council. If you're just balancing the books then you don't have to come to the Council but I don't think that's the intent of the 4th Quarter transfers.

Mr. Strom stated that basically housekeeping, what Councilman Stycos referred to is something different. If allowed numbers to stay red or black would still come to the same surplus, then I can understand the Council would then want to decide what to use it for. But until I get all the bills I can't tell what the surplus is going to be. That is why the books are closed until September 30th.

Councilman Aceto stated his question is the health care account, what happens to that money. Should that be transferred into the general fund? Or should it go into accumulated surplus. That's where 4th quarter transfers should come in and rule. Mr. Strom stated any surplus comes out of Hospitalization and goes into the Health Care Reserve Account to be used if experience unaccounted for claims and can then back fill the account. Annual account starts at the budgeted figure and goes month to month, Reserve account is not used unless needed except we also contribute to OPEC from that account. Some of it is used for OPEC based on the actuarial report.

Councilman Favicchio agreed that Hospitalization surplus should go into Reserve Account.

Councilman Stycos asked Mr. Strom that Health surplus goes into Reserve Account if that was set out by Ordinance, that was the issue he wants to get at. Use of that surplus should be discussed and decided by the Council and then it would go to the Mayor. He doesn't want to be presented with a situation that already done. Where does the Administration stand on the surplus issue?

Mr. Strom stated that he is still waiting for bills as well as legislative monies. Can't say for sure because that doesn't come in til August because of the Corp tax and the pilot money. So it works both ways not just on the expense side. He won't know until September 30th.

Councilman Stycos said he's not targeting a specific thing just wants the Council involved in the decision making process of where the money goes. Mr. Strom stated he can give preliminary numbers in June and the final numbers by September 30th when auditors come in to get final trial balance.

Councilman Stycos the adjustments always balance out but there's always been a surplus. Mr. Strom

stated it should go into the cumulative surplus until the Council wants to do something specific.

Botts stated the 4th quarter transfers are just a separation of powers for the Council should approve any spending by Administration. We've already approved the budget for that year so any surplus should come to the Council for approval before sent. He agreed with what Councilman Stycos was saying.

Councilman Aceto said it should go into the general fund and then Council should decide whether it goes into surplus or other account. Council President Lanni stated that we have to follow the Charter and it says they should be reported. If we can only get an estimate then we have to live with that.

Councilman Stycos asked Council President his thoughts on Mr. Strom submitting them in June and we would act in July. Council President stated he did not see a problem with that.

Councilman Botts said that perhaps what we're arguing about is the definition of what is a 4th quarter transfer. Is it a change of budget line item or spending above/under what we budgeted for.

Councilman Stycos read 6.16 of the Charter. He felt it was pretty clear that a 4th quarter transfer was from one department to another and requires Council approval. Mr. Strom stated that's why administration comes before the Council with 4th quarter transfers, the question is when. He also referred to the 60 day rule for revenues for the taxpayers. He was concerned with being premature in saying we have a surplus then a deficit develops in the months of July thru September. He can estimate but it would be an unaudited figure.

Councilman Stycos suggested that we get the estimates in June. Mr. Strom stated he would also monitor and keep Council informed on how it was progressing.

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. Contd 4/14/2016 [[click to view](#)]

1st Motion to Approve by Councilman Santamaria, seconded by Councilman Botts.

Under Discussion: Councilman Favicchio stated that we had been looking for more information from administration.

Director Coupe stated that Mr. Mason had prepared an RFP from different companies to oversee the audit of existing lights City intends to purchase. Mr. Mason confirmed that letter of intent had been sent to National Grid to purchase the lights and he solicited proposals for audit, maintenance and for plan to convert to higher efficiency LED bulbs. Bids have come in and are being reviewed

Councilman Aceto asked what annual savings would be. Mr. Strom stated for FY 17 will save half a million dollars. Councilman Aceto asked Mr. Coupe that he hoped City could take portion of that money, and possible matching grants, so that neighbors who don't have lights because of ten year moratorium could be addressed. Possible solar lights in areas that are dark and create public safety issue. Mr. Coupe stated that would be a future discussion.

Chair stated that at last meeting he had asked that Attorney Quinlan review the Resolution. Question was directed to the City Clerk. City Clerk stated she hadn't been at the meeting and only became aware

of request when going through Rosalba's notes. She did not know if it had been previously sent and just sent it out to Attorney Quinlan late Tuesday.

Chair asked Administration if time was a factor. Mr. Coupe stated that the City has to plan, perhaps the Committee could vote on this. If Attorney Quinlan has any concerns they could be raised at the Council meeting.

Councilman Aceto asked why Committee had to vote on Resolution if Mayor has already gone out and have authority to sign a contract. Mr. Coupe stated that the Resolution authorizes the financing.

2nd Motion by Councilman Santamaria, seconded by Councilman Aceto to send to the full Council pending Attorney Quinlan's opinion on it.

Under Discussion: Council President Lanni clarified motion, if no opinion then could send it back to Committee. City Clerk stated that she would follow up with Attorney Quinlan. Mr. Strom stated there are five bids being reviewed by Public Works, purchasing agent and himself. No award will be scheduled until the Resolution is passed. The lease/purchase work is tax exempt.

Motion passed unanimously.

Discussion ensued on whether Councilman Santamaria had offered an amendment to the first motion and whether an additional vote was needed. Council President Lanni made a motion to send to the Full Council if opinion was received from Attorney Quinlan. Seconded by Councilman Botts. City clerk asked for clarification. Councilman Stycos said we would vote again on the his motion to forward to the Full Council for Consideration if we receive a legal decision from Attorney Quinlan. Motion passed unanimously.

PUBLIC HEARINGS/NEW BUSINESS:

- **Real Estate Tax Abatements**

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

- **Motor Vehicle Tax Abatements**

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

- **Tax Interest Waiver Approvals**

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

4-16-02A Ordinance amending the Capital Improvements Budget for the Fiscal Year Commencing July 1, 2015 and amending June 30, 2016 (Cranston Western Little League Loan). Sponsored by Councilmen Aceto and Favicchio.
[\[click to view\]](#)

Motion to approve by Councilman Aceto, seconded by Council Vice President Santamaria,

Under discussion: Councilman Archetto asked if this will increase our debt. Mr. Coupe stated no, funds are already bonded. Councilman Favicchio stated that Councilman Santamaria was not involved though the field is named after his Dad, he was happy to sponsor this Ordinance.

Councilman Stycos asked if bonds are sold is money kept in an interest bearing account. Mr. Coupe stated it was. We are loaning money to community organization they will be installing the lights and repaying the City. The City will then own the lights. There will be no annual cost to the City.

Councilman Favicchio stated if they are putting up the fixtures on the fields we then own them and will benefit from the improvement of the light installations. Councilman Archetto stated he supported the bill but was wondering who decided which fields would receive the lights. There are fields without lights in Wards 1, 2 and 3. Western Cranston always seems to get preferential treatment. Mr. Coupe stated this group has a proven ability to pay and Cranston Western sponsors a tournament this will allow them to bring in more teams and more money.

Councilman Santamaria asked if the Easter Little League was asked. Mr. Coupe stated he had spoken to the President of CLCF and he had no problem with this Ordinance. He stated that Administration would welcome requests from other fields.

Councilman Aceto stated this is similar to the astro turf, it's a good project and he would also support lights in other fields. Councilman Botts stated that eastern fields are all located in neighborhoods and he doesn't think lighting would be welcomed. Councilman Stycos agree as to Ward 1; however, he doesn't think it's a good practice to loan money to private organizations no matter how worthy the projects.

Motion passed on a vote of 5 to 1. Ayes – Councilmen Archetto, Santamaria, Botts, Aceto and Council President Lanni. Nays – Councilman Stycos.

Resolution Loan Order authorizing the issuance of refunding certificates of participation of the City of Cranston. Sponsored by Council Vice-President Santamaria. [[click to view](#)]

Motion to Approve by Councilman Aceto, seconded by Council Vice President Santamaria.

Under Discussion:

Councilman Archetto asked who will pay for the electric bill. Mr. Coupe stated the League would be paying the bills and this was confirmed by Mr. Strom.

Motion passed on a vote of 5 to 1. Ayes – Councilmen Archetto, Santamaria, Botts, Aceto and Council President Lanni. Nays – Councilman Stycos.

Tax Incentive Application for WJS, LLC and Blum Shapiro. [[click to view](#)]

Motion to Approve by Councilman Aceto, seconded by Councilman Botts.

Under discussion:

Larry DiBoni, Economic Development Director appeared to speak along with applicant, Mr. Storti. Applicant stated that they will be hiring 80 new jobs with an additional 20 in the near future. They are high paying jobs, most employees work an average 12 hour day.

Councilman Santamaria asked what was the average income. Mr. Storti stated that 90% of the jobs will earn more than \$50,000 per year. Councilman Stycos asked if they have an office in Rhode Island and was this a planned expansion. Mr. Storti said they have an office in Providence and it is an expansion. Councilman stated that the City is basically subsidizing an accounting firm that will then go after other firms clients.

Mr. Coupe stated this is not a subsidy but for the renovation of an existing building in the City which will increase it's property value. Councilman Stycos said that it was Mr. Coupe's opinion that it was an incentive and not a subsidy.

Attorney Brusini appeared to speak for the applicant and stated the purpose is to locate the firm in Cranston and to expand and increase employment in the City. The firm brings in 100,00 to 750 million in revenues, it is Rhode Island's largest accounting firm.

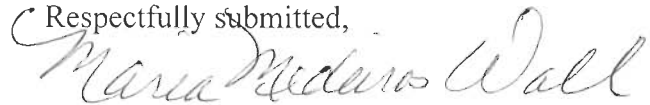
Motion passed on a vote of 5 to 1. Ayes – Councilmen Archetto, Santamaria, Botts, Aceto and Council President Lanni. Nays – Councilman Stycos.

Sanders School Building – Administrative Report on status. (Councilman Stycos)

Mr. Coupe stated that CAP has inquired about this building. It needs a significant amount of work. Councilman Stycos stated that he had a constituent who was concerned with its condition and asked if the Fire Department used it for drills. Mr. Coupe stated not that he was aware of. Councilman Stycos asked for a report next month and also mentioned that a person from the Arts Commission was interested in studio space there, and that it could be made into a nice facility.

The meeting adjourned at 8:03 P.M.

Respectfully submitted,



Maria Medeiros Wall, JD
City Clerk