

FINANCE COMMITTEE

Regular meeting of the Finance Committee was held on Thursday, April 15, 2010 in the Council Chambers, City Hall, Cranston, Rhode Island.

CALL MEETING TO ORDER:

The meeting was called to order at 7:45 P.M. by the Chair.

Present: Councilman Emilio L. Navarro, Chair
Councilman Mario Aceto, Vice-Chair
Councilman Paul H. Archetto
Councilman Anthony J. Lupino
Council President John E. Lanni, Jr.

Absent: Council Vice-President Terence Livingston

Also Present: Councilman Richard D. Santamaria, Jr.
Councilman Robert J. Pelletier
Robin Muksian-Schutt, Director of Administration
Gerald Cordy, Deputy Director of Administration
Evan Kirshenbaum, Assistant City Solicitor
Robert Strom, Director of Finance
Richard Bernardo, Director of Public Works
Salvatore Saccoccio, City Assessor
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 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. Motion passed unanimously.

CORRESPONDENCE:

OLD BUSINESS:

Ice Rink Financials Update

Mr. Strom stated that the City has not received the March statements yet.

On motion by Councilman Aceto, seconded by Councilman Lupino, it was voted to continue this item for two months. Motion passed unanimously.

PUBLIC HEARING/NEW BUSINESS

- **Real Estate Tax Abatements**

On motion by Councilman Lupino, seconded by Councilman Aceto, it was voted to recommend approval of this list of Abatements.

Under Discussion:

Chair questioned the approximately \$17,000 abatement. Mr. Saccoccio stated that there was litigation of a company who appealed their property and took it to Court. After reviewing this, he made a counter-offer, which he felt was a fair amount. Councilman Aceto asked, when making an offer, does it go to legal counsel. Mr. Saccoccio stated that the number itself is up to the Assessor. The taxpayer's attorney made an offer and he counter-offered and they agreed to his counter-offer.

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

- **Motor Vehicle Tax Abatements**

On motion by Councilman Lupino, seconded by Councilman Aceto, it was voted to recommend approval of this list of Abatements. Motion passed unanimously.

- **Tax Assessment Board of Review Decisions due to Taxes Assessed December 31, 2008 (informational only)**

Chair indicated that the cover letter from the Tax Assessment Board of Review states \$10,1219.59. In reviewing the breakdown of the attachment, the total should be \$10,129.59. He asked that a amended cover letter be provided to the Clerk for the record.

- **Tax Interest Waiver Approvals – as recommended by City Treasurer**

On motion by Councilman Lupino, seconded by Councilman Aceto, it was voted to approve the above list of Tax Interest Waiver approvals as recommended by City Treasurer.

Under Discussion:

Council President Lanni questioned the tax interest waiver for former Mayor Edward DiPrete and asked what this is for. Mr. Strom stated that he is not sure, but he can check on this.

Chair asked that the City Treasurer report back next month on whether there is a grace period where a tax interest waiver is granted and then is requested later on again. Mr. Strom stated that he believes it is a one-time offer.

Chair stated that the hospitalization reason for a tax interest waiver request should be scrutinized because if the procedure is pre-planned, he does not think that waiver should be approved. Mr. Strom stated that the Treasurer reviews each case individually and he will discuss this with him.

Roll call was taken on motion to approve the list of Tax Interest Waiver approvals as recommended by City Treasurer and motion passed unanimously.

- **Tax Interest Waiver Denials – as recommended by City Treasurer**

On motion by Councilman Aceto, seconded by Councilman Lupino, it was voted to approve the list of Tax Interest Waiver Denials as recommended by City Treasurer. Motion passed unanimously.

Administration Reports:

Veolia Invoice: explanation of charges and debt service (Councilman Aceto)

Dan Gorka appeared to represent Veolia. He stated that Veolia is in the process of meeting with the City and after today's meeting, the City has expressed interest in re-negotiating the contract. He asked that he, respectfully, be allowed to write down the questions the Committee may have so they can be submitted to Veolia's legal counsel. He has been directed to speak only on operations and not on debit services. He stating the City is paying 1.3 million.

Council President Lanni stated that this is ridiculous and has never seen anything like it.that the taxpayers of the City want to know why we are spending \$1.3 million, where is it going and what are the details of the expenses. One way or another, we will get to the bottom of this, whether in the Courtroom or not.

Councilman Aceto asked Mr. Gorka what is the original amount that the City borrowed n? Mr. Gorka stated that he gave that info to Mr. Kirshenbaum. Councilman Aceto asked what his capacity is with Veolia. Mr. Gorka stated that he is Superintendent of the Plant solely responsible for operations and management.. He does not handle the debt service and is not able to answers questions on that. Councilman Aceto asked if there have been capital upgrades to the Plant. Mr. Gorka stated that there have been two upgrades to the duration of the contract for which the City has made. Councilman Aceto asked what those costs are. Mr. Gorka stated that there is a a fixed annual maintenance fee. Actual repairs and costs do not show on the statement.

Councilman Aceto asked if Veolia handles the Industrial Pre-treatment Program. Mr. Gorka stated, yes, they contract out Tutela Engineering, who are certified to do this type of work. Tutela Engineering does inspections for up to 600 commercial users. Councilman Aceto asked if Tutela Engineering issues fines. Mr. Gorka stated, that the City issues the fines.

Solicitor Kirshenbaum confirmed that the City issues violation fines with the tax bills.

Councilman Aceto asked how much the City pays Tutela Engineering. Mr. Gorka stated annually, approximately \$530,000. Councilman Aceto asked how Tutela Engineering determines who to inspect. Mr. Gorka stated that this is determined per federal pre-treatment regulation under Clean Water Act. Councilman Aceto asked if Tutela Engineering ever checked Florida Power and Light. Mr. Gorka stated, yes, regularly. Two times a year they are inspected on-sight and if any violations, inspection increases. Councilman Aceto asked if the City pays for electricity. Mr. Gorka stated that the City pays fixed kilowatt hour monthly volume. Anything beyond that, is paid by Veolia, who has a contract with Semper.

Solicitor Kirshenbaum stated that he was asked by Council President Lanni to find out how much debt is on the system. He received an email from Mr. Gorka, which indicates the total remaining debt at \$59 million, which is comprised of two sources of debt both at \$30 million some in form of tax-free bonds.

Councilman Aceto expressed his concern on how can the City still owe \$59 million if we originally borrowed \$59 million? He further questioned the charge on the monthly bills from Veolia to the City, for “extraordinary items,” he asked what this is for. Mr. Gorka stated that this is for quarterly insurance payment, which covers flood and fire.

Councilman Aceto asked if the contract Veolia has with Tutela Engineering is a yearly contract. Mr. Gorka stated that it is a 25-year agreement. Councilman Aceto asked if this contract increases every year. Mr. Gorka stated, yes, it is part of the CPI.

Solicitor Kirshenbaum addressed the City debt and stated that at the time the contract was entered between Veolia and the City into years ago, there were various upgrades that needed to be done and the City could not afford it. Veolia did the upgrades at that time. A concern he has is when the Council goes through the budget process, this debt is not recorded in any bonding authority.

Council President Lanni asked that the appropriate representatives from Veolia attend this meeting monthly to address the monthly bills to the City and to explain the bills to the Council.

Councilman Lupino asked who does the auditing of the report of the monthly bills for the City to verify the charges. Ms. Schutt stated that she believes it is Jeff Davis in the Public Works Department. Councilman Lupino asked if Mr. Davis is certified to do that. Mr. Bernardo stated that Mr. Davis takes the contract and checks the invoices to make sure we have the proper documentation.

Councilman Lupino motioned to continue this item to the next Finance Committee meeting and the Council be allowed to submit questions in writing to the Administration for Veolia to answer.

Councilman Santamaria suggested that Mr. Strom or Mr. Igoe or someone in the Administration review the monthly bills from Veolia with Mr. Davis because he does not have the financial expertise.

Councilman Aceto asked if there have been any connections to Florida Power and Light. Mr. Gorka stated, yes, residents in Wildflower Estates and Pippin Orchard Rd. Councilman Aceto asked if there have been any connections from any entities from Johnston. Mr. Gorka stated, yes. Councilman Aceto asked if Veolia is aware that no out of City connections are not to be made without the City Council approval. Mr. Gorka stated, yes.

Council President Lanni asked if Veolia is aware that any out of City connections without the approval of the City Council is illegal and we could charge a certain amount per day. He stated that he finds this unbelievable. The taxpayers of the City are paying and out of City entities are connecting to our sewer system.

Chair stated that he denies Councilman Lupino's request to continue this item. This issue requires full Council involved. The Finance Committee is not the place for this issue to be discussed. The Council President should decide whether to discuss this at a special Council meeting or a special committee be formed to address this issue.

Councilman Lupino withdrew his motion.

Councilman Lupino indicated that since violations have been discussed, this should be discussed in Executive Session.

Council President Lanni stated that he will speak to the Solicitor and decide whether to bring this issue up in Executive Session or a special Council meeting.

Outside Contractors Doing City Landscaping (Councilman Aceto).

Councilman Aceto asked that this item be forwarded to the full City Council for discussion.

3-10-1 Ordinance authorizing the City to utilize Western Cranston Roads Impact Fees for installation of a traffic light at Walnut Grove and Atwood Ave.

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

Under Discussion:

Councilman Santamaria, sponsor of this Ordinance, appeared to speak in favor and stated that this is a much needed traffic light.

Council President Lanni stated that this is money well spent. It is imperative that this light be installed at this location because there has been one death and numerous accidents at this location.

Mr. Strom stated that based on his analysis, there is more than enough to substantiate the payment of \$30,000 for this.

No one appeared to oppose.

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

3-10-3 Ordinance in amendment of Title 3.08 of the Code of the City of Cranston, 2005, entitled "Contracts and Purchases" (Diesel Emission Reduction).

Pam Schiff appeared to speak in favor of this Ordinance.

John Berard from Clean Water Action, appeared to speak in favor of this Ordinance.

No one appeared to oppose.

On motion by Council President Lanni, seconded by Councilman Aceto, it was voted to recommend approval of this Ordinance. Motion passed on a vote of 4-0 with 1 recusal. The following being recorded as voting "aye": Councilmen Navarro, Aceto, Archetto and Council President Lanni -4. Councilman Lupino recused.

3-10-4 Ordinance authorizing the City to utilize Eastern and Western Cranston Recreation Impact Fees for reconstruction of "Hot Boxes" as mandated by Providence Water.

Mr. Cordy stated that the Administration, sponsor of this Ordinance, is withdrawing this Ordinance at this time.

3-10-5 Ordinance ratifying the Teamsters Local 251 (Municipal Employees) (FY 2008-2009) and (FY 2009-2012) contract.

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

Under Discussion:

Council President Lanni stated that he will recuse from voting on this Ordinance since his wife is a member of this Union.

Councilman Aceto thanked the Union members for their concessions and being a model for other cities and towns in their pension benefits.

Councilmen Lupino and Archetto both applauded this Union for 20% co-pay in their healthcare.

Chair stated that this Union has come forth way before its time and they have been paying 20% of their healthcare for a number of years. He also applauded the Mayor for negotiating this contract. This contract is a very minimal impact to the taxpayers through 2012.

Motion passed on a vote of 4-0 with 1 recusal. The following being recorded as voting “aye”: Councilmen Navarro, Aceto, Archetto and Lupino -4. Council President Lanni recused.

Chair asked that this contract be posted online on the City’s website prior to the full City Council ratifying it.

The meeting adjourned at 9:20 P.M.

Respectfully submitted,

Rosalba Zanni
Assistant City Clerk/Clerk of Committees