

FINANCE COMMITTEE

Regular meeting of the Finance Committee was held on Thursday, August 12, 2010 in the Council Chambers, City Hall, Cranston, Rhode Island.

The meeting was called to order at 7:35 P.M.

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 Robert J. Pelletier
Councilman Richard D. Santamaria, Jr.
Robin Muksian-Schutt, Director of Administration
Gerald Cordy, Deputy Director of Administration
Robert Strom, Director of Finance
Steve Woerner, City Council Internal Auditor
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 Lupino, 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 (Cont. 4/15/2010, 5/13/2010, 6/17/2010)

Mr. Strom appeared to speak and stated that changing to the current management company, Northeast Facilities, was a good choice. Have ended with a deficit the last four years. Next year, we should save approximately 20-30% in energy costs. It looks to be a very successful year with the new manager. The City is looking into recouping from the previous operator, Rink Management.

Chair indicated to page 1 of the financial report provided by Mr. Strom, “other assets – monies due Northeast from City” \$ 70,000 and asked what this is for. Mr. Strom stated that this is for extraordinary repairs and maintenance for the rink. Chair questioned page 2 of the financial report, “costs – cost of sales-wages” \$240,000. Mr. Strom stated that this is for the Rink Manager and all staff that at bubble rink he has working for him. All wages that pertain to the rink that the company pays for.

Chair asked if there is a schedule of salaries broken down. Ms. Strom stated that this is reasonable compared to last year.

On motion by Councilman Aceto, seconded by Council President Lanni, it was voted to take out of order “City Assistance to Displaced Flood Victims”. Motion passed unanimously.

City Assistance to displaced Flood Victims - Councilman Lupino

Report from Administration on possibility of property tax deferral or other assistance.

Public Speakers:

Ryan Dupont, Pawtuxet River Flood Association, appeared to speak and stated that he is present this evening with the idea of a possible tax relief available to some of the residents whose homes suffered devastating loss, financially and personally. There is a State Law whereby tax relief cannot be given arbitrarily. He has addressed this to other Assessors and they agree with him that immediate relief would be through lower Real Estate assessments. A law would have to be passed by the Legislature at the State level to allow cities and towns authority to pass a law for temporary tax relief to victims. Immediate relief would be through assessment. Because some people have not been able to live in their homes, they are looking at six to nine months retroactive assessment. There is a very small percentage of people that were affected.

Chair asked Mr. Dupont if he has spoken to the Cranston City Assessor. Mr. Dupont stated, no, he has not.

David Englund, 92 Perkins Ave., appeared to speak and stated that he has been out of his home since the March flood and has been living in a small basement with his wife and two children. Lowering his taxes would bring some sanity to his life. He is working with Senators Reed and Whitehouse in obtaining some help from the Federal Government.

Diana Gordon, 363 Pontiac Ave., appeared to speak and stated that the people in the flooded area are really in need of help. Lowering their taxes would help them.

Jackie Pearson, 104 Perkins Ave., appeared to speak and stated that she is a victim of the flood. The Council’s help would be greatly appreciated.

Beverly Vansleykes, Union Ave., appeared to speak and stated that this area does not have a neighborhood, they have a ghost town. She asked for help.

Dianne Straus, 70 Perkins Ave., appeared to speak and stated that she is one of the four homes that cannot go back to her home. Damage to her home is \$125,000. She has nowhere to go. Even though she is not going back, she will not stop fighting for her neighborhood because they deserve the help.

Richard Tomlins, 400 Farmington Ave., appeared to speak and stated that he does not understand why the Army Corps of Engineers are not contacted to fix this problem once and for all.

Chair asked that the Administration have the City Assessor present at the next Finance Committee meeting to address issues brought up this evening and to explain what relief is available and what we need for State enabling legislation for flood victim relief. He asked to have not only Perkins present but residents from any flood areas as well.

Councilman Lupino stated that the organization formed does not just represent Perkins Ave., it also represents Davis and Fordson and anyone who is facing similar conditions in their neighborhood. State Statute states that if a building is unoccupied, the City cannot abate taxes. There are other avenues other than tax abatements. The Council needs to know at what stage the people may be able to move back into their home and if it cannot be re-occupied, we need to know that too.

Chair stated that he would like to have a special meeting on August 30th at 6 P.M. to discuss all the issues stated this evening and he would like Administration and our State Representatives there as well. Ms. Schutt stated that the Administration is ready this evening to answer any questions, since constituents are present.

Councilman Pelletier indicated that he visited this area and it was very very disturbing and hopes the City can help these people in any way it can.

Council President Lanni stated that even though the people from Perkins Ave. are present in the audience this evening, people on Fletcher, Natick, Davis and other areas flooded, are not here. He suggested holding a special meeting and advertise it so other people from other areas effected by the flood can be present.

Councilman Aceto stated that he would like to hear from the Administration this evening. He also indicated that CDBG money, at certain times, are available.

Mr. Strom stated that he discussed this with the Assessor and the Treasurer to see what type of response they have been getting from people looking for assistance. The Treasurer indicated that one person came into his office for taxes due and he worked out a payment schedule and it was adhered to and payments have been made. No one else has called the Treasurer regarding issues with taxes in the flooded areas. The Assessor's Office will be doing field work from now until the end of November re-valuating these properties to assess them at their current value and we will be pro-active in this in making appropriate changes, but it will not be reflected until December 31, 2010. In the flooded areas, land is being valued at average, at approximately 10% reduction in value.

Chair stated that one reason so few inquiries for tax relief is that people may be paying their taxes as part of their mortgage payment.

Mr. Cordy stated that he is primary conduit between the City and FEMA. He is working very closely with Senators Reed and Whitehouse on various avenues, such as grants. The municipal side of FEMA also has certain programs where in certain cases, they will demolish the property and resources will come in to purchase the property outright.

Councilman Santamaria asked Mr. Woerner to work on a solution and discuss it with the Administration to see if it is feasible.

Mr. Strom stated that if there is interest accrued, the Council has a right to waive the interest.

Councilman Lupino stated that if taxes are escrowed in the mortgage, the mortgage company is paying the taxes, so they can't ask for relief. This complicates the matter. He asked that for the August 30th meeting, the Administration provide information on the programs available for the homeowners. Ms. Schutt stated that Mr. Cordy will contact Senators Reed and Whitehouse to see if they can attend or have a representative attend the August 30th meeting so they can explain the programs, since it is Federal programs.

Councilman Lupino asked Mr. Dupont to indicate to other areas that were affected by the flood and advise them of the August 30th meeting and for them to attend. Mr. Dupont stated that the people appreciate waive of interest and penalty, but what they are asking for is some temporary relief reduction of the taxes. Mr. Cordy said that he will contact representatives from the municipal side of FEMA.

Chair clarified that for the August 30th special meeting, discussion will be held on any type of immediate relief on the taxes of flood victims.

Council President Lanni asked that for the next Council meeting, a Resolution be passed to the General Assembly requesting immediate action be taken as far as a relief. Councilman Santamaria indicated that due to the upcoming Election in November, any new legislation will be introduced November 15, 2010 and a new General Assembly will be in session in January, 2011.

On motion by Councilman Lupino, seconded by Councilman Santamaria, it was voted to hold a special meeting on August 30, 2010 at 6 P.M.

Under Discussion:

Councilman Aceto asked City Clerk to advise the legislature and federal agencies of this meeting and ask for their attendance at this meeting.

Roll call was taken and motion passed unanimously.

PUBLIC HEARING/NEW BUSINESS

- **Real Estate and Tangible Tax Abatements**

No one appeared to speak in favor or to oppose.

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

- **Real Estate Tax Abatements due to Board of Review Adjustments**

No one appeared to speak in favor or to oppose.

On motion by Councilman Archetto, seconded by Councilman Aceto, it was voted to recommend approval of the above Real Estate Tax Abatements due to Board of Review Adjustments. Motion passed unanimously.

- **Motor Vehicle Tax Abatements**

Chair questioned why such a large list of abatements. Mr. Strom stated that this is for the 1986-1992 vehicles due to the change in exemptions due to the State sending this back to the City. Our computer system did not pick up the correct figures. This group was overcharged and this caused a large list.

Chair asked if this is going to cause a deficit. Mr. Strom stated that there will be a reduction in Motor Vehicle Tax Levy of approximately \$461,000. This was part of the balanced budget. **Chair** stated that we will need to offset the \$461,000 loss of revenues due to the tax abatements.

Councilman Aceto asked what the total anticipated amount was in Motor Vehicle tax. Mr. Strom stated approximately \$20 million. Councilman Aceto stated that he would like to know what the net effect is and whether this will create a structural deficit. Mr. Strom stated we overbilled by \$461,000 we will have to make up approximately \$400,000.

Councilman Aceto stated that if \$450,000 was overstated in the \$20 mil for motor vehicle taxes, this creates a structural deficit.

Chair asked if the City has to advise the State of this. Mr. Strom stated that we have to do a correction.

Chair asked Council Auditor to report to the City Council on what effect the motor vehicle tax abatements will have on the budget.

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

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

No action taken.

- **Tax Interest Waiver Approvals**

No one appeared to speak in favor or to oppose.

On motion by Councilman Archetto, seconded by Councilman Aceto, it was voted to recommend approval of the above Tax Interest Waiver Approvals as recommended by City Treasurer. Motion passed unanimously.

7-10-5 Ordinance authorizing the City to utilize Western Cranston Recreational Capital Facilities Impact Fees for the purchase of a conservation easement located at 864 Natick Ave.

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

Under Discussion:

Peter LaPolla, Director of Planning, appeared to speak and stated that the proposal is this is approximately \$1.2 million easement. The City's contribution is approximately \$300,000. This would preserve 20-25 acres of land in farming. This is valuable land that has been historically farm land. The remaining 20-25 acres would remain Open Space. The City is taking an easement on it of approximately 46 acres. This easement, the way it is structured, a portion will be remaining farm land. The City is buying the development rights to a piece of land.

Council President Lanni clarified that the easement portion could be used for agricultural purpose, but the owner would not be paying taxes on 20 acres. Mr. LaPolla stated that that is correct. The area that is being farmed, the owner would still be paying farm tax value.

Councilman Archetto asked for a copy of the easement prior to the Council approving this at the next Council meeting.

Councilman Pelletier stated that Natick Ave. will be well-complimented if this is passed and this would definitely benefit Western Cranston. It is a good project and, as co-sponsor of this Ordinance, he recommends passage.

Councilman Lupino asked if it is true that surrounding easement area, if it allows for some areas of parking. Mr. LaPolla stated that this would have to be provided. Intent would be to allow this to be built in. Councilman Lupino asked if taxes will be paid on this Open Space. Mr. LaPolla stated that he would have to look into this, but he does not believe they would.

Chair asked if the City was approached with this or if the City approached the owners. Mr. LaPolla stated that this land was designated A-80 while working on the Comprehensive Plan. The family of the Estate then approached the City. Discussion took place with the family. The City did not solicit them.

Chair asked what the City's responsibility is in regards to the easement as far as maintenance and what stress will it put in our budget. Mr. LaPolla stated that it depends on what we put there. His vision would be this land would be ideal for something that would be low-maintenance.

Chair asked that a fiscal note be attached to this Ordinance for the Council meeting.

Councilman Pelletier stated that there is a time constraint by the Executor of the Estate.

Solicitor indicated that the way the Ordinance is drafted, he would like the sponsor to have a proper legal description of what is going to be in the title. The Ordinance is not clear as to who is going to be the owner or retain ownership of the property. He does not feel this is ready to go before the full City Council. It is not proper to pass this the way it is presented this evening without the exact language of the easement. Mr. LaPolla asked if the Ordinance could be passed with the easement attached. Solicitor stated that he does not feel it is proper to pass it as drafted. Mr. LaPolla stated that we may lose the grant money if this is delayed to next month.

Council President Lanni stated that if we can get everything accomplished, we have a special meeting on August 30th, and we could always call a special session to address this before the September meeting so this is not delayed.

No one appeared to oppose.

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

7-10-6 Ordinance authorizing the City to utilize Eastern Cranston Recreational Impact Fees for the removal of an abandoned storage tank in preparation for anticipated landscape improvements.

On motion by Councilman Lupino, seconded by Council President Lanni, it was voted to recommend approval of the above Ordinance.

Under Discussion:

Councilman Lupino asked what the size of the tank is. Mr. Cordy stated that he does not know. Councilman Lupino asked if it has been determined if the tank is leaking. Mr. Cordy stated he does not know.

Councilman Aceto asked if DEM needs to be contacted, since the former Highway Garage was at this location before it moved and DEM had been at the site then. Mr. Cordy stated that DEM will be contacted.

Councilman Pelletier asked why the tank was not removed when the Garage was moved. Mr. Cordy stated that he was not employed by the City at the time and does not know, but the urgency to remove it now is during the last rainstorm, there was sediment there and that is when the tank was discovered.

Council President Lanni asked Mr. Cordy to find out who did the original contract when the soil was originally removed and why the tank was not noticed at that time.

No one appeared to oppose.

Motion to recommend approval of the above Ordinance passed unanimously.

City Assistance to displaced Flood Victims - Councilman Lupino

Report from Administration on possibility of property tax deferral or other assistance.

This item was discussed at the beginning of the meeting.

The meeting adjourned at 9:45 P.M.

Respectfully submitted,

Rosalba Zanni
Assistant City Clerk/Clerk of Committees