

## **SPECIAL MEETING – CITY COUNCIL**

**-DECEMBER 28, 2006-**

Special meeting of the City Council was held on Thursday, December 28, 2006 in the Council Chambers, City Hall, Cranston, Rhode Island.

The meeting was called to order at 7:15 P.M. by the Council President.

Roll Call showed the following members present: Councilmen Fung, Council Member Fogarty, Councilman Lanni, Council Vice-President McFarland and Council President Garabedian –5.

Absent: Councilmen Fung, Livingston, Council Member Bucci and Councilman Barone -4.

Also Present: Jerome Barone, Director of Finance; Mike Igoe, City Controller; Michael Glucksman, City Solicitor; Steve Woerner, City Council Internal Auditor.

City Clerk stated that Councilmen Livingston and Barone are out of town and will not be able to attend this meeting.

**-DECEMBER 28, 2006-**

Clerk read Call of the Meeting:

**CITY OF CRANSTON  
RHODE ISLAND**

**NOTICE OF SPECIAL MEETING  
OF THE CITY COUNCIL**

In Accordance with Section 3.07 of the Home Rule Charter and, Section 2.04.06 of the City Code, I hereby call a special meeting of the City Council to be held on

Thursday, December 28, 2006 at 7:00 p.m.  
Council Chambers, City Hall, 869 Park Ave.,  
Cranston, RI. 02910

The following items of business shall be transacted:

Report of City Council's Auditor on Tax Levy shortfall

And I hereby request the City Clerk to notify all Council members of the Call of the special meeting.

Executed at Cranston, Rhode Island, this 26th day of December, 2006.

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/s/ Aram G. Garabedian, Council President

Individuals requesting interpreter services for the hearing-impaired must notify the Office of the City Clerk at 461-1000 Ext. 3197 seventy-two (72) hours in advance of the hearing date."

**-DECEMBER 28, 2006-**

**CERTIFICATION**

I hereby certify that a true copy of the attached Call of a special meeting of the City Council to be held on Thursday, December 28, 2006 at 7:00 P.M. in the Council Chambers, third floor, City Hall, 869 Park Ave., Cranston, R.I. was delivered via electronic mail on the 26<sup>th</sup> day of December, 2006 and regular mail, postage prepaid to the addresses listed below.

Council President Aram G. Garabedian  
173 Belvedere Dr.  
Cranston, RI 02920  
[Aram@blissproperties.net](mailto:Aram@blissproperties.net)

Council Member Maria A. Bucci  
21 Red Hawk Dr.  
Cranston, RI 02921  
[MarBC4@aol.com](mailto:MarBC4@aol.com)

Council Member Cynthia M. Fogarty  
60 Ausdale Rd.  
Cranston, RI 02910  
[Fogarty1@msn.com](mailto:Fogarty1@msn.com)

Councilman Allan W. Fung  
252F Mayfield Ave.  
Cranston, RI 02920  
[alfung@cox.net](mailto:alfung@cox.net)

Councilman Terence Livingston  
28 Tucker Ave.  
Cranston, RI 02905  
[Terry@livingstonlaw.us](mailto:Terry@livingstonlaw.us)

Councilman Jeffrey P. Barone  
16 Samuel Court  
Cranston, RI  
[Jeffreyb22@cox.net](mailto:Jeffreyb22@cox.net)

Councilwoman Paula McFarland  
100 Pomham St.  
Cranston, RI 02910  
[pmcfarland@prodigy.net](mailto:pmcfarland@prodigy.net)

Councilman Kirk McDonough  
67 Dellwood Rd.  
Cranston, RI 02920  
[kirkmcdonough@cox.net](mailto:kirkmcdonough@cox.net)

Councilman John E. Lanni, Jr.  
111 Woodview Dr.  
Cranston, RI 02920  
[jlanni@peterpanbus.com](mailto:jlanni@peterpanbus.com)

Councilman-Elect Anthony Lupino  
15 Black Oak Court  
Cranston, RI 02921  
[tlupino@cox.net](mailto:tlupino@cox.net)

Councilman-Elect Richard Santamaria  
20 Burr St.  
Cranston, RI 02920  
[Ritatj10@yahoo.com](mailto:Ritatj10@yahoo.com)

Councilman-Elect Emilio Navarro  
61 Autumn St.  
Cranston, RI 02910  
[Navarro\\_emilio@hotmail.com](mailto:Navarro_emilio@hotmail.com)

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/s/ Rosalba Zanni, Assistant City Clerk

## **-DECEMBER 28, 2006-**

Council President Garabedian stated that after reading the newspaper article in the Providence Journal regarding a tax levy shortfall and Administration blaming Frank Smith, City Assessor for this error, and speaking to taxpayers and he decided the best thing to do was meet with Mr. Woerner and Mr. Smith and discuss this and he then decided to hold a special Council meeting in a public forum. He believes there are funds and there should be no issue with the tax levy.

Council Member Fogarty questioned Council President Garabedian if the Providence Journal was notified of this meeting. Council President Garabedian stated that he did speak to the Journal yesterday and made them aware of this meeting, and it seems that they decided not to send a report and it is disappointing that they are not present and that is disappointing.

Council President Garabedian asked Mr. Baron to address the issue of the tax levy shortfall.

Mr. Baron stated that there is a communication problem involving the tax levy and the assessment base, which creates the levy. There needs to be something placed in writing saying that when there is a revaluation, special attention must be paid to the tax levy during that revaluation year, so this situation does not re-occur. Council President Garabedian asked what happened in this particular case. Mr. Baron addressed Exhibit #3, which he presented. He stated that on the gross bases, there is a variance of \$523,003. On the exemption, there is an unfavorable variance of approximately \$2.4 million, \$600,000 of which is to be reimbursed by the State, leaving a variance of approximately \$1.8 million.

Council President Garabedian asked Mr. Woerner to speak regarding this issue.

Mr. Woerner emphasized that this is a working meeting and not a final report and he presented a handout (Exhibit # 1). He indicated that on page 4 of the handout, it indicates that in March, which are estimates, the Assessor gave estimated exemption value using old value and old rate. In June, the Assessor used the new rate and new value. The final June analysis had the value of the exemptions at \$284 million versus \$197 million in the March analysis. He does not believe the blame belongs in the Assessor's Office.

Council President Garabedian pointed out that the amount between estimated and what ended up in June is approximately \$200,000 difference.

Mr. Woerner pointed out that on page 6 of the handout, there were two schedules given to the Council at the December 18<sup>th</sup> Council meeting. In looking at this, a question he has is the tax rates used were listed in the column far right that were tax rates that were actually higher than tax rates used. On page 7 and 8 of the handout, these were also given to the Council at the December 18<sup>th</sup> Council meeting. He also has questions on these, since he was out of town for the last five days and has not had time to research this. He could not figure out what went wrong by looking at these numbers.

Council President Garabedian asked why the rate of \$14.80 was used. Mr. Woerner stated that the question he has, is why this rate was used instead of the actual rate. The numbers Mr. Smith presented could have been misinterpreted, they were not wrong.

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Council President Garabedian asked Mr. Smith to speak regarding this issue.

Mr. Smith presented a handout (Exhibit # 2) which includes estimated exemption projections and actual numbers, State Certification sheet for the exemptions, which backup his numbers, and an analysis. He stated that in the Spring, he asked the Council to pass eight Ordinances increasing the exemptions, which the Council did. There was some confusion and he assured the Council that these Ordinances would not cause an increase and they did not. In the handout, exemptions are listed by type, number of people that receive them, old value, new value proposed and how much it would cost for each exemption. Net result of increasing all the exemptions, increased taxpayers effected to 10,115 in the amount of \$2,856.40 annually. There is a difference of approximately \$100,000, a difference for the good. It is less tax dollars on the exemptions.

Mr. Baron stated that he and the Administration are in agreement to a point. Mr. Smith's sheet does not include Motor Vehicle for estimated total. He also stated that he takes offense to the fact that Council President Garabedian met with a member of his staff without his knowledge regarding this issue. Mr. Smith stated that he spoke to the Administration and provided the Administration a copy of the information he compiled for Council President Garabedian prior to giving it to the Council President and he also provided Mr. Baron with a copy of this information.

Council Member Fogarty questioned why Mr. Smith's sheet does not show Motor Vehicle in the estimated exemptions. Mr. Smith stated that the reason the Motor Vehicle is not shown, is because that is shown in the State Certification, which is 100% reimbursed. Council Member Fogarty stated that on the first sheet of the handout, the bottom four items do not add up. Mr. Woerner stated that what happens with Motor Vehicle, Mr. Smith's sheet is showing the differential between the total exemption of the Motor Vehicle. The difference is the Motor Vehicle phase out.

Councilman Lanni stated that if this is a recurring problem, why did this problem not occur three years ago, during the last revaluation. Mr. Baron stated that he did not check into that.

Council Vice-President McFarland asked why the Council was not provided with these analysis, which are dated 9/21/2006, 12/18/2006 and 12/28/2006, prior to this evening and why are there so many different numbers in these analysis. She also asked why back in June, when this was found out, it was not brought before the Finance Committee at that time. The State Certification was dated in June, but the Finance Department did not catch this and brought before the Council until December 18<sup>th</sup>. She stated that she has served on the Council for eight years and there have been revaluations during that period and this problem never came up before. She does not believe the problem was miscommunication. The Tax Assessor was done with his job and the numbers were certified by the State. She addressed Mr. Igoe and stated that as the Internal Auditor for the City, someone should have caught this problem.

Council President Garabedian asked Mr. Woerner what the fallout damage will be. Mr. Woerner stated that this year, this can be corrected. At this time, it is impossible to say what the effect will be on next year's budget. It could be a \$2.2 million issue, if the Council decides to go to the 5.25%.

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### Public Hearings:

**Lisa Moynihan**, employee in the Tax Collector's Office, appeared to speak and stated that she deals with the public every day and it is very difficult to work with the public when something like this happens. The public sees the \$2 million shortfall and the employees are automatically accused of wrongdoing. She feels Mr. Smith is owed an apology and she is present this evening to support him as a co-worker. This was not Mr. Smith's error and someone needs to apologize to Mr. Smith and apologize publicly, whether it is the Providence Journal, the Mayor or the Council.

**Councilman-Elect Emilio Navarro** appeared to speak and asked when could the Council and the taxpayers have found out that there was going to be a \$2 million shortfall and could something have been done about it earlier one.

**Councilman-Elect Anthony Lupino** appeared to speak and stated that there are three things that should be addressed: 1) he agrees with Ms. Moynihan that Mr. Smith needs an apology; 2) we need to establish what the correct number is; 3) what is that number going to be and will it be rectified.

**Council Vice-President McFarland** stated that she would like to see a certification by the Finance Director and documentation be given to the Council, making amendments to the Budget. As to an apology, the damage has been done and the Council finds out tonight that the Tax Assessor did his job and this was the Finance Department's error.

**Councilman Lanni** stated that as to an apology, the Council is not the one who accused Mr. Smith of any wrongdoing.

**Councilman-Elect Richard Santamaria** appeared to speak and asked what the miscommunication was and what will be done in the future to correct this, so it does not happen again.

On motion by Council Vice-President McFarland, seconded by Councilman Lanni, it was voted to ask that the Finance Director certify Exhibit 1 dated December 28, 2006, with a report attached telling the Council what needs to be done and what can be done to rectify this Budget for this year. Motion passed on a vote of 5-0. The following being recorded as voting "aye": Councilman Fung, Council Member Fogarty, Councilman Lanni, Council Vice-President McFarland and Council President Garabedian -5.

The meeting adjourned at 8:45 P.M.

Maria Medeiros Wall  
City Clerk

Rosalba Zanni  
Assistant City Clerk/Clerk of Committee

(See Stenographic Notes of Meredith Mahoney, Stenotypist).