

## **FINANCE COMMITTEE**

Regular meeting of the Finance Committee was held on Thursday, July 16, 2009 in the Council Chambers, City Hall, Cranston, Rhode Island.

The meeting was called to order at 8:05 P.M. by the Chair.

Present: Councilman Emilio Navarro, Chair  
Councilman Mario Aceto, Vice-Chair  
Councilman Paul Archetto.

Absent: Councilman Anthony J. Lupino  
Council Vice-President Terence Livingston

Also Present: Robin Muksian-Schutt, Director of Administration  
Gerald Cordy, Deputy Director of Administration  
Robert Strom, Director of Finance  
Evan Kirshenbaum, Assistant City Solicitor  
David Capuano, City Treasurer  
Steve Woerner, City Council Internal Auditor  
Rosalba Zanni, Assistant City Clerk/Clerk of Committees  
Meredith Mahoney, Stenographer

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

Chair indicated that there is an amendment he would like made to last month's meeting minutes. Since there isn't a copy of those minutes available this evening, he asked that the minutes of the last meeting be continued to next month, so they can be reviewed. No one opposed.

### **CORRESPONDENCE:**

### **OLD BUSINESS:**

### **PUBLIC HEARING/NEW BUSINESS**

#### **\*Status on Operation of Ice Rink/Bubble Rink and Management Company**

**Mr. Strom** presented two handouts of financial statements. He stated that in Exhibit '1', the items highlighted in light gray were paid by him and charged to the Recreation Expense Account. Those items had to be paid in order for the new management company to conduct operation. The Solicitor is reviewing the language of the contract with Rink Management and we are conducting an audit to see how much money we can recoup from them for the bills the City ended up responsible for. The new company has increased the fees, decreased payroll by 50% and they will be current on all bills from July 1<sup>st</sup> going forward. There are a number of things that need to be done in order for the dome rink, in particular, to be operational.

**Chair** asked if the bills as of July 1<sup>st</sup> for National Grid will be charged to the management company of the rink or will it be applied to Recreation. Mr. Strom stated that going forward, from July 1<sup>st</sup>, it will be charged to the management company. Chair stated that, as required, the management company is to provide budget, expenses and revenues statements, per the agreement. He asked if we have received that. Mr. Strom stated, not yet, but they are aware that the City Auditor will be working with them all year to generate financial statements.

**Councilman Aceto** asked why the City is left with paying these bills. Mr. Kirshenbaum stated that he does not know if it is due to mismanagement or the contract. This is why an audit is being done and we will be able to find out what happened and, if possible, the City can try to go after the company for reimbursement.

**Councilman Aceto** asked if an analysis has been done to see if it is viable for the City to run the rink. At least we would have control. He also asked what safeguards we have so this does not happen again. Ms. Schutt stated that as to the City running the rink, it would be a technical type of operation and it would be a cost to the City in labor and management. She is confident that with oversight, the rink will run well.

**Chair** addressed Mr. Barletta and wished him luck in running the rink and indicated that he needs to provide monthly statements to the Internal Auditor.

**Robert Barletta**, owner of Northeast Facility Management Inc., appeared to speak and stated that if the City does not make any investments in the two buildings now, the City will keep losing money. He stated that there are a number of bills that needed to be paid and there was no money in the accounts and he has had to pay these bills out of his own pocket. The former management company took all the fees from customers for services, such as skating lessons, games, etc., and they took the money out of the accounts and left nothing in the accounts. Coaches needed to be paid and the other bills needed to be paid, and he paid those bills himself.

**Mr. Strom** stated that in reviewing the financial statements, he contacted Rink Management and questioned that they were not showing any cash. What they stated to him was they never said they took money from the rink. They said that the City underfunded them and the underfunding accumulated over the four years.

Chair asked that if anything significant occurs, the Administration update the Council and this item will be continued to next month for update.

- **Real Estate Tax Abatements**

No one appeared to speak in favor or to oppose.

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

- **Motor Vehicle Tax Abatements**

No one appeared to speak in favor or to oppose.

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

- **Report from Treasurer of Tax Interest Waivers**

**Mr. Capuano** appeared to speak in favor or to oppose.

On motion by Councilman Aceto, seconded by Councilman Archetto, it was voted to recommend approval of this list of Tax Interest Waivers. Motion passed unanimously.

**6-09-5 Ordinance amending the Budget for the Fiscal Year commencing July 1, 2008 and ending June 30, 2009 (School System Appropriation).**

**Chair** asked what this Ordinance transfer is for. Mr. Strom stated that there has been reduction in permanent school funding, pension reform, stimulus money and professional development. What we received in stimulus money is \$2,090,303. This Ordinance is adjusting the budget in the difference. This is a reduction of appropriation from the City side. Mr. Woerner stated that he spoke to the School Department and asked them if they had any problems with this Ordinance and they did not.

**Chair** asked if this affects the maintenance of effort. Mr. Strom stated, no.

No one appeared to oppose.

On motion by Councilman Aceto, seconded by Councilman Archetto, it was voted to recommend approval of this Ordinance. Motion passed unanimously.

**6-09-6 Ordinance transferring appropriations and amending the Budget for the Fiscal year commencing July 1, 2008 and ending June 30, 2009 (4<sup>th</sup> Quarter Transfers).**

**Mr. Strom** stated that this reduction as a whole is \$72,423. At this point, the library has a balance of \$150,734. The \$72,423 has been approved by Mr. Macksam.

No one appeared to oppose.

On motion by Councilman Aceto, seconded by Councilman Archetto, it was voted to recommend approval of this Ordinance. Motion passed unanimously.

**7S-09-1 Ordinance Ratifying the LIUNA (Laborers) Local 1322 Contract for July 1, 2009  
June 30, 2012.**

No one appeared to speak in favor or oppose.

On motion by Councilman Archetto, seconded by Councilman Aceto, it was voted to recommend approval of this Ordinance. Motion passed unanimously.

The meeting adjourned at 9:00 P.M.

Respectfully submitted,

Rosalba Zanni  
Assistant City Clerk/Clerk of Committees