

* Amended December 4, 2008

FINANCE COMMITTEE

Regular meeting of the Finance Committee was held on Thursday, November 13, 2008 in the Hope Highlands Elementary School, 300 Hope Rd., Cranston, Rhode Island.

The meeting was called to order at 6:30 P.M. by the Chair.

Present: Councilman Terence Livingston, Chair
Council Vice-President Paula McFarland, Vice-Chair
Councilman Anthony J. Lupino
Councilman Emilio L. Navarro
Councilman Jeffrey P. Barone
Council President Aram G. Garabedian

Also Present: Councilman Richard D. Santamaria, Jr.
Councilman John E. Lanni, Jr.
Ernie Carlucci, Director of Administration
Vito Sciolto, City Solicitor
Charles Garganese, Assistant City Solicitor
Steve Woerner, City Council Internal Auditor
Corsino Delgado, Director of Finance
Anthony Sylvia, Director of Public Works
Maria Medeiros Wall, City Clerk
Rosalba Zanni, Assistant City Clerk/Clerk of Committees
Meredith Mahoney, Stenographer

MINUTES OF THE LAST MEETING:

On motion by Councilman Barone, seconded by Councilman Lupino, 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:

Traffic Engineer's Report on Proposed Traffic Study for Edgewood (Cont. 10/16/2008)

Mr. Sylvia **stated that the RFP will be advertised this week, with bids to be received in December 2008 by BOCAP. He also* stated that he recommends that this item be referred to the Public Works Committee, where there will be other traffic calming projects coming up.

On motion by Council President Garabedian, seconded by Councilman Navarro, it was voted to continue this item to the Public Works Committee. Motion passed unanimously.

PUBLIC HEARING/NEW BUSINESS

Real Estate/Tangible Tax Abatements

No one appeared to speak.

On motion by Councilman Navarro, seconded by Council President Garabedian, it was voted to recommend approval of the above Real Estate Tax Abatements. Motion passed unanimously.

Motor Vehicle Tax Abatements

No one appeared to speak.

On motion by Councilman Navarro, seconded by Council President Garabedian, it was voted to recommend approval of the above Real Estate Tax Abatements. Motion passed unanimously.

Tax Assessment Board of Review Decisions due to Taxes Assessed December 31, 2005.

No action.

Notification pursuant to Ordinance 3.12.080 from City Treasurer of Waiver of Interest (For Information Only)

No action.

Tax Interest Waiver Denials

No one appeared to speak.

On motion by Councilman Barone, seconded by Councilman Lupino, it was voted to recommend approval of the above Tax Interest Waiver Denials. Motion passed unanimously.

Tax Interest Waiver Approvals

No one appeared to speak.

On motion by Council President Garabedian, seconded by Councilman Barone, it was voted to recommend approval of the above Tax Interest Waiver Denials. Motion passed unanimously.

10-08-4 Ordinance in amendment of Title 2 of the Code of the City of Cranston, 2005, entitled “Administration and Personnel” (Fireman’s Pension Fund).

10-08-5 Ordinance in amendment of Title 2 of the Code of the City of Cranston, 2005, entitled “Administration and Personnel” (Police Pension Fund).

Mayor Elect Allan Fung appeared to speak regarding this Ordinance and Ordinance 10-08-5 and stated that what concerns him the most is these Pension Ordinances would be basically opening back up the closed City system that we have by adding these people into this system and you would be creating a further liability into a system that is already closed. He mentioned a firefighter, Mr. Marciniak, who is having a conflict with the State Pension Board. He suggested that this Committee should deny both Ordinances. There are three individuals, who he believes are in this same situation.

Councilman Livingston stated that he felt inclined to vote both of these ordinances down.

Councilman Lupino stated that Mr. Fung mentioned an individual’s name, the Ordinances do not mention anyone specific. He cautioned that this Ordinance is not directed to one individual.

Mayor Elect Fung stated that he is willing to work with individual but does not want to open the City's liability back up.

Councilman Navarro indicated that the Ordinance do not state opening the City Pension Fund but rather trying to get individuals off IOD.

Mayor Elect Fung stated that if something is different and not related to pensions, then you need to look at the 1996 agreement and how it impacts on the contract.

Council Vice-President McFarland stated that the State of Rhode Island is basically throwing this back into our lap.

Paul Valetta, President of Local 1363 Firefighters Union, appeared to speak and stated that this is the first time this has happened since they have gone into the State Pension System, eleven years. He stated that there is a firefighter who can’t come back to work because he can’t, his doctor and the State doctor has said he can’t. There are only two options for the City, he either gets a full pay until age 65 or he retires and the City is held on the hook for the pension of 66 2/3. Five years ago, the City granted him the occupational disability pension. The City is going to see a big savings if these Ordinances are passed. If they are passed, then at least the State will be on the hook for regular disability pension. If they are not passed, then the City is on the hook. Right now, this firefighter is receiving full pay from the City.

Paul Saccoccia appeared to represent the Police Union.

Councilman Livingston asked if the Unions have met with Mayor-Elect Fund and explained this to him. Mr. Saccoccia stated that they did reach out to him today. It was a short meeting and have filled him in on all information.

Mr. Carlucci stated that the reason for these Ordinances is to try to save the City money. This is a good faith effort between the Unions and the Administration.

Councilman Livingston questioned if we would be changing the collective bargaining unit by passing these Ordinances. Attorney Fred Marzilli appeared to represent the City and stated that this has not been done yet.

Councilman Lanni stated that with the financial situation of the State, the State could deny all the pension applications.

Jim Kelleher, Esq., appeared to represent Local 1363 and stated that he litigated the case for Mr. Marciniak and the denial is on appeal. In 1995, the General Assembly amended the IOD Statute as to the presumptive disability. This is an opportunity to take some of the burden off the City.

Councilman Livingston asked Attorney Kelleher if he feels he will not prevail on the appeal and if this is the reason for these Ordinances. Attorney Kelleher stated that he is not comfortable that they will prevail. The firefighter in question is 47 years old and it will be eighteen years until he turns 65. There will be a saving to the City of approximately \$275,000. The other two individuals are Police Officers, who he believes are younger than the firefighter and the savings would be much more to the City.

Council President Garabedian stated that as a prudent individual, he believes that the testimony this evening needs an analysis by our Council Auditor. His recommendation is to have the Auditor look at the testimony and do a cost analysis. Have him review the figures and proposed savings if any and provide Council with a report and these matters can then be taken up at the full council meeting.

Councilman Santamaria asked what the cost is affected by the firefighter in question being on IOD. Chief Gumbley stated approximately \$86,000 in Overtime to cover for the firefighter in question.

On motion by Council Vice-President McFarland, seconded by Councilman Barone, it was voted to refer these two Ordinances to the full City Council without a recommendation.

Under Discussion:

Chair asked Mr. Woerner to get information recommended by Council President Garabedian and provide it to the Council members prior to the Council meeting.

Mr. Woerner stated that he will try, but he felt that an actuarial study is needed as to the impact on the closed pension system.

Motion was taken on the above two Ordinances and motion passed unanimously.

10-08-6 Ordinance in amendment of Chapter 3 of the Code of the City of Cranston, 2005, entitled “Revenue and Finance” (Commercial Tax Incentive Five Year).

10-08-7 Ordinance in amendment of Chapter 3 of the Code of the City of Cranston, 2005, entitled “Revenue and Finance” (Commercial Tax Incentive Ten Year).

10-08-8 Ordinance in amendment of Chapter 3 of the Code of the City of Cranston, 2005, entitled “Revenue and Finance” (Industrial Tax Incentive Five Year).

10-08-9 Ordinance in amendment of Chapter 3 of the Code of the City of Cranston, 2005, entitled “Revenue and Finance” (Industrial Tax Incentive Ten Year).

Mr. Carlucci appeared to answer questions.

Chair asked that the Solicitor look at this Ordinance and this Ordinance and the next three Ordinances and any concerns be addressed at the Council meeting.

Mayor-Elect Fung appeared to speak and stated his concerns that should be addressed are: the Tax Incentive should be tied into the creation of any jobs and sustainability of those jobs to keep the Tax Incentive. Those individuals should make a commitment to the City of Cranston.

On motion by Councilman Lupino, seconded by Councilman Barone, it was voted to recommend approval of the above four Ordinances. Motion passed unanimously.

Tax Incentive Application for Charles and Victoria Zayat/American International Tool, 129-B Fletcher Ave., for property located at 99 Calder St.

Mr. Carlucci appeared to represent the Director of Economic Development.

Councilman Santamaria stated that there are only two full-time jobs and his concern are there going to be any more jobs being created. **Mr. Carlucci** read a statement from the Director of Economic Development stating that this business has been in business since 1985 and has been in Cranston for twenty-three years and they have invested approximately \$350,000 to build a new facility. They currently employ two full-time employees and two part-time employees, who are residents of Cranston.

Councilman Barone asked if this is the first time this business has applied for a Tax Incentive. Mr. Carlucci stated, yes. Councilman Barone asked why they have applied for it now. Mr. Carlucci stated that they have just spent \$350,000 for new construction.

No one appeared to oppose.

On motion by Councilman Navarro, seconded by Council President Garabedian, it was voted to recommend approval of this Tax Incentive Application. Motion passed unanimously.

The meeting adjourned at 7:50 P.M.

Respectfully submitted,

Rosalba Zanni
Assistant City Clerk/Clerk of Committee