

FINANCE COMMITTEE

Regular meeting of the Finance Committee was held on Thursday, September 16, 2010 in the Council Chambers, City Hall, Cranston, Rhode Island.

CALL MEETING TO ORDER:

The meeting was called to order at 6:52 P.M.

Present: Councilman Emilio L. Navarro, Chair
Councilman Mario Aceto, Vice-Chair
Councilman Paul H. Archetto (appeared at 7:30 P.M.)
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.
Councilwoman Michelle Bergin-Andrews
Robin Muksian-Schutt, Director of Administration
Gerald Cordy, Deputy Director of Administration
Chris Rawlson, Assistant City Solicitor
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 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** (Cont. 4/15/2010, 5/13/2010, 6/17/2010)

Mr. Strom presented financial statements regarding July's activity. He stated that right now, amount owed through July 31st is \$27,400. There are no other outstanding invoices. There are some outstanding receivable accounts. The Rink has a good cash flow balance in their cash account.

Councilman Lupino asked how we are progressing with the former ice rink management company with the money owed to the City. Mr. Strom stated that the Solicitors, after investigating the contract of the former management company, have concluded that we may have the ability to pursue getting some type of money back.

Councilman Lupino motioned to remove this item from the agenda and any future updates can be placed under "Correspondence". Council President Lanni seconded the motion. Motion passed unanimously.

- **Johnson & Wales Pilot Agreement** (cont. 7/15/2010)

Solicitor stated that he does not have any information regarding this matter, since Solicitor Kirshenbaum is working on this issue.

Councilman Aceto motioned to unseal the minutes of Executive Session so we can discuss this in the open. Council President Lanni seconded the motion.

Under Discussion:

Solicitor stated that since Solicitor Kirshenbaum was present in that Executive Session, this motion should be held off until he is present.

Councilman Aceto stated that he is just trying to find out if there was some sort of an agreement between the City and Johnson & Wales and what the assessed value is of their property. This is public information.

Ms. Schutt stated that since Solicitor Kirshenbaum is not present this evening, she would be uncomfortable with this at this time.

Council President Lanni stated that the purpose of Executive Session was to find out information and that is public information and the public has the right to this information.

Motion to unseal the minutes of Executive Session passed unanimously.

Solicitor stated that the reason for sealing the minutes was not to compromise the position of any claims filed against the City or State.

Mr. Strom addressed the Pilot money and stated that there are 12 lots of Johnson & Wales and approximately 20 State-owned properties. Tax amount for Johnson & Wales is \$762,000, the State is approximately \$19.8 million. Formula State uses is take that amount and multiply it by 21%, that equates to approximately \$5.5 million. The formula was changed and we ended up receiving as a whole for Johnson & Wales, \$4.2 million. We received that July 31st. The State sends us that money on behalf of Johnson & Wales.

Councilman Aceto stated that his understanding is that Johnson & Wales is a for-profit University. They are not exempt. He is glad we are receiving Pilot money, but he questioned why the State paying for Johnson & Wales. He asked if there is an agreement and if not, how is this being treated. Should they not be getting a tax bill like every other taxpayer. Mr. Strom stated that there is an agreement, but it has not been signed.

City Clerk indicated that this agreement was done during the Pastore Council between the attorneys, but it was never signed for whatever reason.

Councilman Aceto asked that for the next Council meeting, he would like a report on how many acres Johnson & Wales has and what the value of the land would be and what possible taxes would be. He stated that we need to protect the taxpayers.

Mr. Strom stated that as far as the assessed values, we have total \$4.8 million in land and \$21 million in buildings.

PUBLIC HEARING/NEW BUSINESS

Councilman Santamaria stated that a constituent of his advised him that the YMCA is demanding that people purchase membership before being allowed to use the Youth Center. He stated that he would like a copy of the agreement between the YMCA and the City, which occurred between January and February of 2008, and asked if this language is in that agreement and is it legal what they are doing. Chair asked that this information be provided at the next Committee meeting.

Chair addressed the Motor Vehicle Tax analysis. Mr. Strom stated that at this point, the IT Department is in the process of developing a program to extract information requested by the Council, since our current computer system cannot do that. He will provide these reports at the next Committee meeting. Chair asked for an analysis for Real Estate, Motor Vehicle and Tangible Tax for the next Committee meeting. Councilman Aceto asked if we know what we have collected so far in Motor Vehicle Tax. Mr. Strom stated, not at this time. Councilman Aceto stated that he would like, if possible, an update every quarter, every month, on where we stand in collections because we have projected a very high percentage collection projection. Councilman Pelletier questioned if taxes owed to us by Johnson & Wales could be used to lower taxes in the City.

- **Real Estate and Tangible Tax Abatements**

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

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

Placed on agenda in error.

- **Motor Vehicle Tax Abatements**

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

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

Placed on agenda in error.

- **Tax Interest Waiver Approvals**

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

- **Tax Interest Waiver Denials**

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

- **Report from Administration on possibility of property tax deferral or other assistance for residents who have been displaced as a result of severe flooding in the Spring.** (Referred from 8/31/2010 Special Finance).

Ms. Schutt stated that as the Assessor and Mr. Strom stated at the last Committee meeting, as the Assessor prepares for the next year's assessments, he will go out and he will review the value of those properties. Before anything is sent to the General Assembly to have legislation passed to address this issue, we need to know exactly what streets and what properties are in question. As to the Abatement of properties, none could be done by Ordinance unless State Law is changed.

Chair stated that the message from the Committee to the Administration was for the Mayor to introduce an Ordinance for some type of relief for these people.

Council President Lanni stated that Ms. Izzo from the United Way contacted him and advised him that United Way has \$500,000 available for flood victims relief and there is an application process. This may help some of the victims.

Councilman Lupino stated that he is disappointed that we found out about this grant program in the Providence Journal. He would like some documentations or explanation on how this grant program would work. These people effected by the flood need sound financial advise and what can be done and immediate help. He would like a report on the buyout and report from Inspections of what parameters we could address in flood prone areas as far as construction.

Councilman Aceto stated that immediate relief is not a hard thing to do. Immediate action would be as follows: there are approximately 150 homes affected. We look at who their mortgage companies are. Abate them one quarter and then assess them for the full year next year. That is immediate relief because these people have lost use of their homes. We, as a Committee, need to come up with a mechanism in place that will be available to any residents in any disaster. As a Council, we need to get the ball rolling and draft an Ordinance for the next City Council meeting to work on an immediate relief program as wells as a Resolution re-establishing the Flood Commission.

On motion by Councilman Lupino, seconded by Councilman Aceto, it was voted to continue this item to next month's Committee meeting. Motion passed unanimously.

Councilman Aceto asked that for the next Council meeting, the Administration provide list of people affected by this flood and loss. Mr. Cordy stated that FEMA cannot or will not share individuals' information with us. He can give the Council the number of homes affected and the areas.

The meeting adjourned at 7:55 P.M.

Respectfully submitted,

Rosalba Zanni
Assistant City Clerk/Clerk of Committees