

FINANCE COMMITTEE

Regular meeting of the Finance Committee was held on Thursday, September 17, 2009 in the Council Chambers, City Hall, Cranston, Rhode Island.

CALL MEETING TO ORDER:

The meeting was called to order at 6:55 P.M. by the Chair.

Present: Councilman Emilio L. Navarro, Chair
Councilman Mario Aceto, Vice-Chair
Councilman Paul H. Archetto
Councilman Anthony J. Lupino
Council Vice-President Terence Livingston

Also Present: Councilman Richard D. Santamaria, Jr.
Councilman Mario Aceto
Council Member Michelle Bergin-Andrews
Robin Muksian-Schutt, Director of Administration
Evan Kirshenbaum, Assistant City Solicitor
Robert Strom, Director of Finance
David Capuano, City Treasurer
Steve Woerner, City Council Internal Auditor
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 Aceto, 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:

City Clerk indicated that the Administration has notified her that they are withdrawing proposed Ordinance 8-09-9.

OLD BUSINESS:

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

Mr. Strom stated that he is happy to announce that the Ice Rink and Bubble Rink are both in operation. The operation for the month of September, 2008 for both rinks netted approximately \$16,000 in Revenue. For September, 2009, it is going to generate \$51,000 in Revenue. Some features done are: the main rink is sold out on all ice time; lockers have been installed in the Bubble Rink; bleachers will be installed in the Bubble Rink soon; water line will be installed for the zamboni for the Bubble Rink BCM, the current management company, has started first phase in energy control, which will reduce energy cost of approximately 50%.

Councilman Lupino asked Mr. Strom, for next meeting, a brief analysis for 2008-2009 of revenue and expenditures.

Chair suggested that this item be continued for three months, since the operation of the rinks is seasonal.

Councilman Lupino asked how ice time is logged in. Mr. Strom stated that it is booked as a deferred revenue.

Chair asked what the status is of all the invoices that were owed by the previous management company and is there litigation going on. Mr. Strom stated that payments have been completed by the City. The Solicitor will now proceed with an audit and with litigation to recoup some of these expenditures that the City incurred. Chair asked what account the money came from for repairs and renovations of the Rinks. Mr. Strom stated that the major renovations money came from Parks and Recreational Bond money for approximately \$150,000. Chair asked what the balance is for Impact Fees and why this was not used. Mr. Strom stated that, in his opinion, it was a time issue. The Parks and Recreational Bond money was liquid cash. There is approximately \$600,000 for Western Recreational Impact Fees.

Public Hearings:

Paul Valetta, President of Local 1363, International Firefighters Union, appeared to oppose to proposed Ordinance 8-09-8, Section 3. He stated that there is an Arbitrator's decision, which states that the City cannot change the Fire or Police pensions by Ordinance. They can only be changed through negotiations.

Paul Saccoccia, National Representative of IBPO, Police Union, appeared to oppose to proposed Ordinance 8-09-8 for same reasons stated by Mr. Valetta. He stated that the way the Ordinance is drafted, it is vague and ambiguous and it violates the contract.

***5-09-6 Ordinance in amendment of Title 2, Chapter 13 of the Code of the City of Cranston, 2005, entitled “Administration and Personnel” (Police Department Composition). Continued 6/11/2009, 8/13/2009 for P. Quinlan's opinion.**

Councilman **Lupino** motioned to remove this Ordinance from the agenda, at the request of the sponsor. Councilman **Aceto** seconded the motion. Motion passed unanimously.

PUBLIC HEARING/NEW BUSINESS

- **Advice and Consent of Mayor’s Appointment of Richard A. Bernardo, as Public Works Director**

Ms. Schutt appeared to speak regarding this Advice and Consent and thanked **Nick Capezza**, who acted as Acting Director for the past few months and other department and division heads for stepping up to the plate during the last few months.

Richard Bernardo appeared to speak and thanked the Administration and the Council for considering him for this position.

On motion by Councilman **Lupino**, seconded by Councilman **Aceto**, it was voted to recommend approval of the Mayor’s Advice and Consent of appointment of **Richard Bernardo** as Public Works Director. Motion passed unanimously.

- **Advice and Consent of Mayor’s Appointment of John Schaffran as Major of the Police Department**

Ms. Schutt appeared to speak regarding this Advice and Consent.

Captain Schaffran appeared to speak.

On motion by Council Vice-President **Livingston**, seconded by Councilman **Archetto**, it was voted to recommend approval of the Mayor’s Advice and Consent of appointment of **John Schaffran** as Major of the Police Department. Motion passed unanimously.

- **Analysis of Budget year ending June 30, 2009**

Chair asked what the balance of the Rainy Day Fund is. **Mr. Strom** stated \$17.5 million consolidated through School and City. **Chair** asked if the money has been given to the Schools from the Rainy Day Fund. **Mr. Strom** stated, yes. That money is booked as a loan. We book it as a Receivable and they book it as a Payable. **Chair** asked what the unaudited number on the City side is. **Mr. Strom** stated \$2.6 million.

Councilman Aceto asked if there is anything that can be done to try to get the money the School Department owes the City. Mr. Woerner stated that his feeling is the School Committee is waiting for the results of maintenance of efforts issue. Councilman Aceto stated that we need to move on doing something because this is not fair to the taxpayers.

Chair questioned where the money is going to come from and the other thing everyone needs to realize is that that money has already been spent.

Councilman Archetto asked how the Administration is going to balance the budget. Ms. Schutt stated that until all the numbers come in from the auditor, no decision will be made.

Councilman Lupino indicated that there is an Ordinance Committee meeting, which was scheduled for 7:00 P.M. and it is now 8:10 P.M. There are a lot of questions regarding this issue and he suggested the Council members send these questions to the Administration and the Administration can forward the answers to those questions to the Council for the next month's meeting.

Chair and Councilman Archetto objected.

Chair stated that he objects to Councilman Lupino's suggestion because it is this Committee's job to ask questions. There was a lot of media coverage, both in the Cranston Herald and in the Providence Journal, regarding the School deficit and the public needs to hear the answers to the questions. He does not have a problem with continuing this matter to next month's meeting.

Ms. Schutt stated that she agrees with Councilman Lupino's suggestion and she is uncomfortable speaking about unaudited numbers at this point.

Chair asked that this item be placed on next month's agenda.

Chair questioned the monthly financials. He indicated that the 'taxpayers escrow account' shows negative balance. He stated that we need to reflect concessions obtained for 2009 budget, particularly from the Fire Department. This issue can be debated at the Audit Committee meeting, which will be held on Monday, September 21, 2009.

Chair asked what the savings has been in the layoffs. Mr. Strom stated, \$43,000, however, we had to pay a severance package of approximately \$21,000 to one employee for a net savings of approximately \$22,000 to \$23,000 for 2008-2009 budget.

Chair questioned the vacant positions that the Council funded for 2009-2010 budget and asked if those positions have been filled. Ms. Schutt stated, no most of them have been left vacant, unless it was a critical position.

Councilman Aceto stated that what he would like to see is a comparison from each department on what that department's staff looks like by salary, health benefits and pension. Mr. Strom stated that he looks at the percentage basis for each department on a weekly basis to see where we stand. Mr. Woerner stated that he does the same thing on a monthly basis.

- **Real Estate Tax Abatements**

No one appeared to speak in favor or to oppose.

On motion by Councilman Lupino, seconded by Council Vice-President Livingston, it was voted to recommend approval of this list of Abatements. Motion passed unanimously

- **Motor Vehicle Tax Abatements**

No one appeared to speak in favor or to oppose.

On motion by Councilman Lupino, seconded by Council Vice-President Livingston, it was voted to recommend approval of this list of Abatements. Motion passed unanimously

- **Tax Interest Waivers**

On motion by Council Vice-President Livingston, seconded by Councilman Archetto, it was voted to recommend approval of this list of Tax Interest Waivers. Motion passed unanimously

- **8-09-8 Ordinance in amendment of Chapter 2.80 of the Code of the City of Cranston, 2005, entitled "Administration and Personnel" (Retirement Allowance for Retired city Employees).**

On motion by Council Vice-President Livingston, seconded by Councilman Archetto, it was voted to recommend approval of this Ordinance.

Under Discussion:

Council Member Bergin-Andrews appeared to speak in favor of this Ordinance as the sponsor.

Council Vice-President Livingston asked Solicitor if he thinks this Ordinance would be violating any collective bargaining issues. Solicitor Kirshenbaum stated, no.

Councilman Lupino stated that there is no Solicitor's endorsement on the Ordinance. He asked if there is a positive or negative endorsement from the Solicitor. Solicitor Kirshenbaum stated that he does not feel this is his role, per the Charter. He does not see anything wrong with this Ordinance. Councilman Lupino asked if our City Code has any bearing on any movement to revoke a pension for an action during the course of the employee's duties. Solicitor Kirshenbaum stated that even in the absence of this Ordinance, if someone commits a crime during time of service, the City can still apply to revoke their pension, but he thinks the Ordinance helps. Councilman Lupino stated that he cannot support this Ordinance because there are too many unanswered questions. He would like to hold this Ordinance for further investigation and legal opinion based on the consequences, rather than forward it to the full City Council.

Councilman Archetto stated that this Ordinance is very vague and ambiguous and based on the ambiguity of this Ordinance, he cannot support this Ordinance either.

Councilman Aceto stated that he thinks this is a good Ordinance, but he does not think we have all the legal questions answered.

Council Member Bergin-Andrews stated that both she and Council Vice-President Livingston are attorneys and Solicitor Kirshenbaum is an attorney and Pat Quinlan, the City Council legal counsel all agreed that this Ordinance does not violate any laws.

Solicitor Kirshenbaum stated that this Ordinance sets forth a term letting the employees know what the City will do if they commit a crime while working for the City. It sets the tone and it is preventive.

Councilman Lupino stated that he is asking for more discussion and more input before this Ordinance is sent to the full City Council. He did not say he does not support it.

Solicitor Kirshenbaum stated that he spoke to Attorney Quinlan and he also agrees with him. He stated that if the Council needs additional information, he needs to know where to get it from. Would the Council like him to go to outside legal counsel because he and the Council's legal counsel both agree.

Chair asked Solicitor Kirshenbaum if the Council passes this Ordinance, can it dictate pension for City employees who are in a collective bargaining unit. Solicitor Kirshenbaum stated that this does not have anything to do with collective bargaining units.

Councilman Lupino stated that he would suggest adding in the Ordinance an amendment stating that this would not have any adverse effect on collective bargaining agreement. Because the way it is drafted, it would invite grievances from bargaining units.

Council Member Bergin-Andrews stated that this does not affect collective bargaining in any way.

Councilman Archetto withdrew his second to the motion to recommend approval of this Ordinance.

On motion by Councilman Lupino, seconded by Councilman Archetto, it was voted to continue this Ordinance for one month.

Under Discussion:

Council Vice-President Livingston stated that he does not support convicted criminals that commit a crime while on the job. It is very disheartening that this Ordinance is not being supported unanimously.

Roll call was taken on motion to continue this Ordinance for one month and motion passed on a vote of 4-1. The following being recorded as voting “aye”: Councilmen Navarro, Aceto, Lupino and Archetto -4. The following being recorded as voting “nay”: Council Vice-President Livingston -1.

- **8-09-9 Ordinance amending Title 2 of the Code of the City of Cranston, 2005, entitled “Administration and Personnel” (Police Department Composition III).**

This Ordinance was withdrawn.

The meeting adjourned at 9:10 P.M.

Respectfully submitted,

Rosalba Zanni
Assistant City Clerk/Clerk of Committees