

DEPARTMENT OF CITY CLERK

CITY HALL

OCTOBER 25, 1993

The Committee on Finance meets this day at 5:00 o'clock P.M., in Committee Room "A", City Clerk's Department, City Hall.

PRESENT: Chairman Dillon, Councilwoman Fagnoli and Councilman Fenton.

ABSENT: Councilman Glavin and Councilman Igliazzi.

(Subsequently, Councilman Glavin and Councilman Igliazzi join the Committee).

Also present are Stephen Woerner, City Internal Auditor, Patricia McLaughlin, Deputy City Solicitor, Richard Rafanovic, Chief Engineer - Water Supply Board, Paul Gadoury, Water Supply Board, Boyce Spinelli, Finance Director, Bob Troiano, Public Buildings Authority, Michael R. Clement, City Clerk and Claire E. Brooke-Stewart, Assistant Clerk.

RESOLUTION AUTHORIZING LONG TERM FINANCING OF TWELVE MILLION DOLLARS (\$12,000,000.00) CAPITAL IMPROVEMENTS FOR THE PROVIDENCE WATER SUPPLY BOARD/PROVIDENCE PUBLIC BUILDINGS AUTHORITY.

MR. RAFANOVIC: Mr. Chairman, members of the Committee, my name is Richard Rafanovic, I am the Chief Engineer, General Manager for the Water Supply Board. What we have before you is a submittal from the Mayor's Office requesting, to the City Council, authorization for a Resolution for a 12 million dollar Capital Improvement Program. The City Council has approved, by Resolution, in 1991, a 12 million dollar Capital Improvement Program. It is now that we are ready to finalize the funding for this particular issue and since then, several of the projects have been completed and there have been some changes in priorities as a result of changes in the Safe Drinking Water Act and the Resolution that is before you, reflects these changes. It still is a 12 million dollar program with a 10 million dollar construction compliment 2 million is set aside for reserves and capitalization and the cost of issuance. Actual cost will be used for these expenses and any balance of money of the 2 million that may be available will be turned over to the construction program so in the end, the entire 12 million will be benefiting the Water Supply System. The amended Resolution has been presented to the Water Supply Board, they have considered it, they have approved

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it. Their authorization led to forwarding it to the Mayor and then consequently to the City Council. We are asking a favorable dispensation and recommendation to City Council to proceed with the project. Funding for debt service is in hand. It has been authorized by the Public Utilities Commission and there are adequate money to pay for the debt service. Approval of this will not trigger any change in rates, beyond what has already been approved.

CHAIRMAN DILLON: I was speaking with Mr. Warren today, from Peat Marwick. He mentioned there being some kind of a problem with capitalizing the cost of salaries on these capital projects have not been capitalized.

MR. RAFANOVIC: I don't believe that that is correct. I think that the process of making the account transfer is slower than we would like to do but every expenditure that is for legitimate capital improvement is identified by work order. From the date of expenditure to making the transfers of the book is a little slower than we want it to be and I will agree that for fiscal year 1993/1994, we are about three months behind on some of the capitalization but we are capitalizing every time we do capital improvement.

CHAIRMAN DILLON: Are there salary dollars in this 9.5?

MR. RAFANOVIC: There would be some, particularly in the distribution project area, the replacement of valves, hydrants, lead services. There would be some salaries. This is in the second category. There would be some, what I call, force account, or Water Supply Board employees constructing such facilities. There would be some cost of our engineering staff for management and supervision of all of these projects and we, some of our people will do some minimal design of some of those projects but the bulk of it is done by contract.

CHAIRMAN DILLON: But the more you can have your people do this, the more it is going to reduce your operating expenses.

MR. RAFANOVIC: No. Our operating expenses are fixed.

CHAIRMAN DILLON: Right, so you have an engineer out there that you are paying \$50,000.00 a year and if he spends half of his time on a capital project, then you legitimately capitalize that

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half of his salary, then you have generated for yourself, a surplus, in the operating fund.

At this time Councilman Igliazzi joins the Committee.

MR. RAFANOVIC: It would be if our operating costs were fully funded and that came on top of it but our staffing is so arranged that portion of our personnel has to be funded with capital improvement. We have an on-going capital improvement activity.

MR. SPINELLI: Mr. Chairman, if I may interject here, when the Water Supply Budget is prepared and approved, it anticipates a certain level of force account capitalization. It is in the budget so it is not like a windfall. It is anticipated, correct Richard?

MR. RAFANOVIC: Correct.

CHAIRMAN DILLON: Still, if the point remains that the more you can make of the capital, legitimately, the more you can make your people do this work, the more you can generate in the way of savings, budget or no budget, right?

MR. RAFANOVIC: To some extent, that is correct. Let's say, if it came to the point that we had no need for capital improvements at all, which I can't foresee when that would happen but if it did, yes, we would reduce our staffing.

CHAIRMAN DILLON: Again, the more you can put on capital, the sooner you can pay back the city the sums that are owed.

MR. RAFANOVIC: There is a fine point. that is correct.

CHAIRMAN DILLON: Any other questions?

COUNCILMAN FENTON: Do you have a letter from the PUC stating they are in support of this?

MR. RAFANOVIC: We don't have a letter from the PUC but we have orders.

MR. WOERNER: I have a copy of two orders that were given to me by the PUC.

CHAIRMAN DILLON: These things are all there?

MR. WOERNER: Versus the 12 million, there is shift which Richard has done in the schedule which shows you the actual difference between the allocation of funds on this cut versus before.

CHAIRMAN DILLON: This one?

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MR. WOERNER: No. There is a two year time difference. Before they were perhaps more up in the distribution system and some of that work has been done over the past couple of years. Paul has an actual schedule which shows the differences between how the 12 million was allocated 2 years ago versus today.

MR. RAFANOVIC: Let me say, the PUC, in fact, has been somewhat disenchanted with us that it took us so long to get the programs off the ground. It is not a question whether it should be but why it took us so long to do it.

MR. WOERNER: There is no break down there.

COUNCILMAN FENTON: Can I get a copy of that?

MR. GADOURY: This was just a comparison of the initial 12 million bond authorization of 3 years ago by the Council and how the new one is broken up, basically shifting monies, change some priorities. Some of the projects in here have been completed but generally, they all fall in the same types of categories of capital.

CHAIRMAN DILLON: The biggest thing is the dams, right?

COUNCILMAN FENTON: Somebody want to go over the issuance cost?

MR. RAFANOVIC: I think Mr. Troiano, the Executive Director of the PPBA can help us out with that.

MR. TROIANO: Starting from the top, it is a 12 million dollar gross issue and on page 2 of this handout is a breakdown of the major expenses. Starting at the top, it is 12 million source and then the first use is underwriters discount of \$120,000.00. The underwriters discount is the fee paid to the winning underwriter based on bids and it is estimated that the fee will be industry standard, about \$120,000.00 for them. The cost of issuance is \$184,000.00 and we will come back to that number because we have the breakout on the individual pieces of that.

COUNCILMAN FENTON: On cost of issuance, can you give us a comparison to some other similar sized epsilons and what the cost of that, maybe prior to this Administration, from some other source.

At this time Councilman Glavin joins the Committee.

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MR. TROIANO: I am sure Maureen can help us with that because she has been involved for about 10 years. Just going through the gross expenditures and then we can come back to that detail. \$190,000.00 is estimated to be the cost for bond insurance because there is a net saving even after spending \$190,000.00 on bond insurance in terms of the saving on the overall interest rate and the rate it involved. Then there is \$935,000.00 to be deposited to the debt service reserve fund and that is a standard feature of lease revenue bond deals and then there is the capitalization of the first 2 years of interest payment, \$570,325.00, leaving a balance for the project of just under 10 million, \$9,999,874.00. Josh, to go back to the detail on the \$184,000.00. \$85,000.00 is anticipated as the fee to bond counsel.

COUNCILMAN FENTON: Why don't you tell us who each of the bond counsel are.

MR. TROIANO: Sure. The bond counsel for the Providence Public Building Authority is Tillinghast, Collins and Graham and the general counsel to the PBA is Sondler Salvadore & DiCristofaro. The counsel to the Providence Water Supply Board is Josh Teverow. Trustee paying agent, all the bonds are kept in trust accounts at Fleet in this instance. That is \$4,000.00 and they waived the registrar fee which would be another \$600.00. Printing of the official statement would be \$5,000.00 and then administrative rent to the authority for the first 2 years of \$30,000.00 a year for a total of \$60,000.00, grossing up to \$184,000.00. Maureen, can you help me with some comparable fees that Josh was asking if we could prepare some of these costs to other bond issues and even bond issues before.....

COUNCILMAN FENTON: Preferable bond work out side the city.

MS. GURIGHIAN: Sure, we can get that for you. It is important for the Finance Committee, I think, to know that a revenue bond issue, especially considering a lease revenue bond issue where you have a borrower and an issuer. In this case we also have the Water Supply Board as an entity. It is not a general obligation to the city so the investor that buys that doesn't have the four figure credit or taxing power assurance that these bonds can be repaid. There is a lot more legal documents

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that are required. Each entity has to be represented on its own. You can't have one law firm doing all the legal work in something like this because there are different interests that have to be protected and the cost of issuance involved with these revenue bonds are higher than on a general obligation bond issue because the investor is going to require a lot more assurance and the rating agencies also require certain comfort be given in the legal documents and it is more complicated. We could have a data base, there is public information available on the cost of issuance for these types of revenue bonds so we could put a comparison together for you. From my experience with the Providence PBA, the cost of issuance are in line with other issues of this type.

MR. TROIANO: In this particular instance, Josh, we received proposals from the vendors that typically work for the PBA. Those were reviewed by our board, they were negotiated down, then they were reviewed by Mr. Rafanovic and further negotiated down. That is how most of the numbers were arrived at here under the cost of issuance of the \$184,000.00.

COUNCILMAN FENTON: Then other than Tillinghast neither Salvadore or Teverow is in the red book.

MR. TROIANO: They are not playing a bond counsel role. Mr. Rafanovic had felt that as the guy who has to eventually pay the bill from through the surcharge the PUC gives him, that he should have some advice that is working solely for him as opposed to either the bond holders or the city.

MR. RAFANOVIC: I would like to say that Mr. Teverow was engaged through the Board of Contract and Supply process.

CHAIRMAN DILLON: You have a counsel yourself, too, don't you?

MR. RAFANOVIC: We have a counsel, Mr. Cunha. This is separate of Mr. Cunha. Our counsel is part time counsel. You have to keep that in mind.

CHAIRMAN DILLON: The administrative rent to the authority, do you want to go over that just for the record?

MR. TROIANO: Sure. That is \$30,000.00 a year for the first 2 years it is capitalized during those years there will be actually no rent payments as part of the capitalization of the

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cost of issuance and that pays for accounting and other services on a pro-rata basis for the issuance.

MR. RAFANOVIC: It is a 1/4 of point, right?

MR. TROIANO: Yes. It is 25 basis points. You had mentioned to me last time we met, David, about 3 or 4 weeks ago, that the early bond issues, the rent to the PBA was 100 basis points. With some of the discussions I have had with Boyce over the last several months, that I made you aware of, we are lowering that cost given that there is a whole set of outstanding issues and we want to restructure the rent on the earlier issues to a lower rent.

CHAIRMAN DILLON: How much would this cost if we put it on the ballot? We said the way we were going to do this bond issue is we were going to do something different. We are going to go to the people and say, do you think it would be a good idea if we repaired the Water Supply Board rather than having 3 people that are appointed by the Governor tell us what we have to do, we let the owners of this operation decide. How much would it cost?

MR. TROIANO: To put it on the ballot?

MS. GURIGHIAN: I honestly do not know the cost of an election.

CHAIRMAN DILLON: How much would the fees, the interest cost, the issuance cost?

COUNCILMAN FENTON: How much less is a GO than a revenue?

MS. GURIGHIAN: The major difference, I think it is going through real estate work done that PBA's counsel and the Water Supply Board's counsel. I think the city would want to make sure that it is going to get the direct revenue stream from the PWSB. The cost, the oversight that PBA provides will probably be taken out of the PWSB portion so bond counsel fee would be comparable, I would think, possible a little lower because this is a general obligation. In the order of \$120,000.00 to \$150,000.00 cost of issuance. The interest rate could be lower. What you might find with the general obligation is getting insurance might be able to pay less for the insurance. The actual rate on the bonds will be the same but you wouldn't have to pay as much for a GO as for a revenue bond, however, with the PUC order placement and the time

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it would take to get it on the ballot as a GO in this case, I honestly don't think that is an alternative and the cost waiting would be that they would have to continue to do these projects out of their operating budget and the delay would drive up the cost of construction, I would think. Mr. Rafanovic, is that correct?

MR. RAFANOVIC: I would and we are presently in one of the lowest interest periods you can be. I seriously question that the same level of interest rates a year from now.

COUNCILMAN FENTON: They had a nightly business report, an interview with 10 leading economists on the question of whether the interest rate would go lower in the 12 months or higher and 5 said higher and 5 said lower. So I don't think that is exactly.

COUNCILWOMAN FARGNOLI: Plus the fact that we were reprimanded by the PUC for not being more forward with this capitalization program.

MR. RAFANOVIC: I guess what I am trying to say is waiting would be unacceptable because facilities are failing on an on-going basis and we are patching the things together and we need to have funds in order to do that and if you talked about a general obligation bond, when is the earliest election that it would be considered?

CHAIRMAN DILLON: 1994.

MR. RAFANOVIC: 1994, a year from now.

COUNCILMAN GLAVIN: It wouldn't be until the general election.

MS. GURIGHIAN: I could answer that. One of the reason I viewed the PBA was created was because the PWSB is a regulated utility. It does serve 60% of the state and the residents of the City of Providence, certain kinds of work, direct interest in the system, don't pay the full bill and it was a concern on the part of city officials that the full debt burden of the Providence Water Supply Board not show up on the city ballot sheet and by putting into the PBA and defining the revenue stream coming directly from the PWSB, even though it is a more complicated debt structure to the city because of the revenues coming from users outside the city is actually a more appropriate mechanism for water debt for approving a system which again goes beyond the



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city's borders so that is something I think you need to consider.

CHAIRMAN DILLON: In the past, we have done the revenue, the city bonds but the people have told you, look to the revenue in the Water Supply Board, not the taxes of the city.

MS. GURIGHIAN: I understand. You have them, general obligation bonds, you show them on your ballot sheet as self-supporting but as the amount of water bonds is increased and as the need for capital improvements in the Water Supply Board were increasing and this goes back now to 1987, I think. Your debt statement was starting to grow. Your debt burden was starting to grow and I think if it was a desire, initially, on the part of the Water Supply Board officials and city officials to directly put the PWSB debt in the revenue category and that is something that I think we need to pursue as well. From a public policy standpoint, a debt management standpoint, that is a perfectly acceptable way to do it and more and more regions are moving in that direction. You don't have a water authority that can borrow on its own but you can have the mechanism of the PBA which provides some municipal oversight so it is in the revenue category.

MR. SPINELLI: The other thing, too, I don't think if we put it on the ballot, I mean, there is no guarantee that it will be approved.

MS. GURIGHIAN: That is true.

COUNCILMAN GLAVIN: That is a difficult argument to bring up now with what is going on in this state. You don't want to use Public Building Authority to circumvent what could be the adverse role of the public.

MR. SPINELLI: That is right accept, I only bring that up in the context of this regional water system is.....

MS. GURIGHIAN: Regulated. It was a way for you to accommodate, I think, the rule of the regulators without incurring inadvertent interest costs.

COUNCILMAN GLAVIN: I understand but unfortunately, the public at large, the PBA's, in many cases, are viewed as in the lines to voted approval and voter sanction and I think we made that consideration known to the PBA when they were looking to do

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about 12 million dollars of capital construction in the city for some recreation centers and whatever and one of the concerns that I had and some of the Council members had was that this would be construed by the public as, you know, just another way to avoid putting it before the tax payers who will ultimately pay for this and I think, you start talking 12 million here and 12 million here, those are some of the process. After while it sounds like nickels and dimes but the public at large are responsible. You have to be very sensitive more so now than probably ever before that I can remember.

MR. TROIANO: You are absolutely right. One special situation here is that, as I understand it, the rate payers are already paying for this capitalization. The funds are being escrowed through the PUC process and can only be spent on capital improvements of the Water Supply Board.

COUNCILMAN GLAVIN: So it is basically a dedicated revenue stream?

MR. TROIANO: It is a dedicated revenue stream. It is not part of the general rate.

MR. RAFANOVIC: It is dedicated and restricted and has to be kept in separate accounts.

COUNCILMAN GLAVIN: I think we went over that when you were here.

MR. RAFANOVIC: It is within the rate structure, already, it was in the approved rate structure and to whatever the extent that has public review, it did receive public review.

CHAIRMAN DILLON: There are some pretty big changes in what was to what is.

MR. RAFANOVIC: Yes.

CHAIRMAN DILLON: It looks like it went from a major focus on distribution system to a major focus on the Scituate Plant and pumping in.

MR. RAFANOVIC: I have submitted that initial. That is correct. To start with, one of the big changes that occurred that in 1990, when the original Resolution was submitted to you, which this Council approved in 1991, is this half of it. We had an obligation of, we thought we had an obligation to have a major

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replacement of lead services. Since then, we have undergone two tests and we have passed and we are still pursuing lead service replacement but we are not required to go as aggressively as we thought. At the same time, our requirement for treatment plan improvements, have increased significantly and we simply have to shift the priorities in order to do those things that are required and regulated that will produce the biggest effect in terms of delivering healthy water under the USCPA regulations. That is the principle shift.

COUNCILMAN FENTON: What about leak detection. Have you accomplished that through some of the monies?

MR. RAFANOVIC: Leak detection has already been accomplished. We have finished leak detection, 900 miles of mains.

COUNCILMAN FENTON: How many miles of mains to you have?

MR. RAFANOVIC: 900.

COUNCILMAN FENTON: For all the mains.

MR. RAFANOVIC: All the mains, that is correct. And we have probably, physically, repaired about 80% of the leaks and we are finishing the rest now with a substantial savings in unaccounted water so that has been done.

COUNCILMAN FENTON: Do you have a percentage of what?

MR. RAFANOVIC: Yes, we went from about 17 to 14.

COUNCILMAN FENTON: Went from 17%.....

MR. RAFANOVIC: 17% unaccounted water to approximately 14.

CHAIRMAN DILLON: 14?

MR. RAFANOVIC: Right. We have decreased the unaccounted water. In other words, the difference between the water out of the plant and the water in the meters was 17% of our total water, now part of it goes for fire suppression, please don't ignore that but a large chunk goes for fire suppression. That is a large chunk, I can tell you that much. The other unaccounted water is for the problem we had with the fire hydrants in summer and the leaks. Those are probably the major sources of unaccounted water. We had some dead end bleeders and things like that. We are eliminating those so we are working aggressively on all these types of things.

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CHAIRMAN DILLON: Is that within the range of normal for water supply board to sell?

MR. RAFANOVIC: 15% is considered, nationally, a reasonable amount. We were 17. We are now down to about 13 so we are better than national average.

COUNCILMAN GLAVIN: The question I have, in looking at this revised capital improvement program, is the potential, Richard, for criticism of the expanded, when we did the expansion in the personnel a couple of years ago, the main justification given for this was that you were going to need all these people to oversee all this capital improvements that is going to take place, primarily to the distribution system.

MR. RAFANOVIC: Correct.

COUNCILMAN GLAVIN: Now it looks like the vast majority of this money is going to go into the water treatment plant, itself, and you know, we have already had a difficult time for the past year and half, two years, with Mr. Malichowski in particular and the PUC in general. There was criticism about the organization broadening and I don't know whether this feeds into that criticism or not.

MR. RAFANOVIC: The distribution system was 5 million. It has dropped down to 2 million. The pumping plant was 1 million. It went up to 1.2 million. The treatment plant was 2 million. It is now almost 5 million. If we can not deliver portable, safe water, it doesn't matter how good the distribution system is. We have to deliver water that meets requirement and that meets health standards.

COUNCILMAN GLAVIN: All I am saying is that my recollection, when we granted and when we approved the organizational overhaul and we added what, 40 jobs.

MR. RAFANOVIC: Yes.

COUNCILMAN GLAVIN: And my recollection was that the main reason we needed that was to oversee this major revamp.

MR. RAFANOVIC: That still is the case. I think, at that time, and I don't remember accurately the numbers, but I think that the personnel portion of the program is not significantly changed. We still need the approval of this program in order to

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pay salaries for engineers and construction personnel but, we had to make certain shifts in order to meet demands as they exist today. This was 1990. This is 1993.

COUNCILMAN GLAVIN: I understand. As you remember, the vast majority of the new positions created, in that organization upgrade, if you will, was management positions.

MR. RAFANOVIC: I don't know whether the vast is a good characterization but yes.

COUNCILMAN GLAVIN: I believe the adjective we have the majority.

MR. RAFANOVIC: We had practically no engineers at all, at that time and it took us about 2 years to staff up these engineering personnel.

COUNCILMAN GLAVIN: Do you understand what my concern is emitting from? There is a number of what I consider to be somewhat embarrassing articles in the newspaper. There was outright questioning of the staffing of the Water Supply Board and if you remember, there was even some concern on the Council. I don't remember the actual vote but it was not a totally unanimous vote on the City Council to go for this increase in staffing up there and I think a lot of us pinned our hat and supported it and justified our decision because what I thought, speaking only for myself, that the vast majority, I was telling people openly, the pipes haven't been replaced in 60 years and we have gate valves that aren't working and we have all this stuff and now, it has been reduced by 3 million dollars.

MR. RAFANOVIC: That is still true but the things that we have dropped, specifically, is the Service Replacement Program. The Service Replacement Program, there are 32,000 lead services. At the rate of around \$1,200.00 per service, that alone is somewhere in the neighborhood of 48 million dollars or something, 42 million dollars. It is an inconceivable program that we could do under the existing funding. At the same time, we have had what you call sanitary surveys by the Department of Health and that is part of the process. These surveys point out areas that you have to focus on. We had in the last year and I don't recall whether you had the opportunity to see on television, some fairly bad

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situations at the treatment plant. If we cannot treat the water and get it down, the pipes may as well stay empty so we had to make a shift. That personnel list was hired, the engineers and these are still needed. A certain part of the crews started to do the gate valve replacements, started to do the elimination of bleeders, started to do the fire hydrant replacement. These parts, we have not significantly changed. The biggest change has been in the lead service program and we had to shift that money to the other area because that is where we are getting the greatest pressure. Since then, we had to, without boring you with detail, conduct corrosion control studies and compact time studies on the chemicals in order to meet requirements and we need to make changes in the treatment process in order to meet these requirements. These requirements were not known in 1990. They have come since then.

MR. GADOURY: Also to point out, in the last three years, since 1990, we have actually done about close to 2 1/2 million in distribution system --- from the existing cash on hand from the capital account so it is not as though we haven't done any of this. We have done over 2 million.

MR. RAFANOVIC: Totally from 1990 and that is the time, as far as I am concerned, when you measure progress in the Water Supply Board that I can account for, we have put in 4.7 million dollars worth of capital improvements. That didn't get there by itself. It got there with our engineers and with our crews but this part of the money, we have to make the shift so I am glad that Paul reminded me of the magnitude of the effort in the distribution program already.

CHAIRMAN DILLON: All purchases under this are going to go through the Board of Contract and Supply?

MR. RAFANOVIC: Correct.

CHAIRMAN DILLON: Mr. Troiano, on behalf of the PBA?

MR. TROIANO: Absolutely.

CHAIRMAN DILLON: You had an item on the thing for communications, \$250,000.00 worth of radios and that seems to be more than the Police Departments spends on radios.

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MR. RAFANOVIC: I am not sure whether that includes radio or telephone.

MR. GADOURY: Primarily the radio and computer equipment but the radio, a bid came in about \$100,000.00 or it was less than that.

MR. RAFANOVIC: We have already been out to bid on that.

CHAIRMAN DILLON: I thought it was very high because it seems to me that I don't think we pay that kind of stuff for the police department.

MR. GADOURY: I don't know what the police department ----- but this is a whole new system. Our system is so antiquated. Some of the equipment works on ---. This is a completely new system.

COUNCILWOMAN FARGNOLI: This is not a computer system?

MR. GADOURY: It involves repeater stations, it involves, I forget how many mobile radios but....

MR. RAFANOVIC: And towers and central locations and everything. We can't reach some of our people.

COUNCILWOMAN FARGNOLI: This is not City/State?

MR. RAFANOVIC: No. It has nothing to do with...

COUNCILMAN GLAVIN: Richard this is Rhode Island, how big is the state. You can't reach some of your people. I have 11 sales people on the road at every corner of the state and I can reach them just through voice mail. That is all you need.

MR. RAFANOVIC: That is correct but we have trucks that have a tin can at the end of a string and talk to each other that way. I am exaggerating of course but....

MR. GADOURY: We have a separate frequency for Scituate, we have a separate emergency frequency where --- emergencies, we are not tied up with normal day to day radio traffic. We have an ID system.

COUNCILWOMAN FARGNOLI: \$250,000.00.

MR. RAFANOVIC: I understand your concern but I really must tell you, to suggest to have our trucks on beepers is a totally unrealistic proposal, exclusively. Can you imagine that our truck would have to stop, go to a pay phone and make a phone call.

COUNCILMAN FENTON: Why is that so objectionable?

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COUNCILWOMAN FARGNOLI: How many trucks will you be equipping with this equipment?

MR. RAFANOVIC: I think we have a total of 100 or 110 day trucks.

CHAIRMAN DILLON: The Electric Company, do all their trucks have radios, every single one.

MR. RAFANOVIC: Most of them have.

CHAIRMAN DILLON: The Gas Company?

MR. GADOURY: Then it goes through the Communications Department, they endorsed it. The bid was from Motorola who handles all of the city's current communications and we worked with Manny down at Communications.

MR. RAFANOVIC: Manny Vieira, right.

MR. GADOURY: As a matter of fact, we rely, really, on their expertise because, you know, we are not radio experts.

COUNCILWOMAN FARGNOLI: Are these installed right in the trucks? There is no way that they can be stolen or taken home?

MR. GADOURY: No, they are installed right in the trucks.

COUNCILWOMAN FARGNOLI: And then you have a main communication room?

MR. RAFANOVIC: We have several dispatching stations that we have. We have to have one in the forestry garage. We have to have one in the plant. We have to have two of them in the Academy Avenue area. We have to have a system like that.

COUNCILWOMAN FARGNOLI: What I don't see here is the main....

MR. RAFANOVIC: Control board?

COUNCILWOMAN FARGNOLI: Control board.

MR. RAFANOVIC: I think it is there.

COUNCILWOMAN FARGNOLI: Which one is that?

MR. GADOURY: Under water treatment process?

MR. RAFANOVIC: Central control board, 2 million dollars.

COUNCILWOMAN FARGNOLI: That is the one that I am very concerned with because the one we have there is really antiquated.

CHAIRMAN DILLON: 2 million dollars?

MR. RAFANOVIC: Correct.

CHAIRMAN DILLON: That is getting into the Norther Star. That is what we pay for computer things for the whole city.



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MR. RAFANOVIC: I prefer not to discuss that particular star operation. In this instance, the control board, again, needs to monitor, control the treatment process. What do we have five reservoirs?

MR. GADOURY: 4 reservoirs, 6 pumping stations.

MR. RAFANOVIC: 4 reservoirs, 6 pumping stations. All these have to be intergrated and work together. I appreciate the City Council's concern and I can't help that current requirements require more sophistication and more, what you call, on-line operation.

CHAIRMAN DILLON: Right but the price of that kind of monitoring should be coming down in these days.

MR. RAFANOVIC: This is our budget. We thought we could get the radio for much less. It didn't come down. It was a public bid.

CHAIRMAN DILLON: Any other questions?

On motion of Councilman Fenton, seconded by Councilman Igliazzi, it is voted to Continue the foregoing Resolution.

CHAIRMAN DILLON: What is the issue? Why don't we just do it informally now, quickly.

COUNCILMAN IGLIOZZI: The issue is, back in April of 1993 we approved a Resolution, this Council, a copy of which I will present to the Committee which was greatly debated about the additions to the four schools, one of which was specifically my school, Laurel Hill School. Do you remember we talked about we had to bring the demographics to see where the need was and the expansion. Device to say, we agreed to approve the excess bond money from Veazie Street School to be used to construct those classrooms, not to furnish them, not to put computers in them but to construct them.

CHAIRMAN DILLON: I thought they came in under budget.

COUNCILMAN IGLIOZZI: They did. You are absolutely right. This was confirmed not only by Resolution but by letters and correspondence I have had with Arthur Zarrella and his Administration. Subsequent to this I found out, not through anybody in the Administration, but actually, strangely enough, from somebody from Laurel Hill School. Obviously the parents, the

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President of the PTA, who heard through the grape vine, obviously get better information than I do, that this was infact the case. I checked with Alan Sepe and I checked with Bob Troiano and it is, infact, the case. The School Department used the money, the excess bond money, to build three of the school additions and use some of the money that was designated for Laurel Hill School to furnish those additions and there is only, my additions would have costs approximately \$365,000.00. There is now left over, \$100,000.00 and Alan Sepe had \$100,000.00 in the education fund that was going to be used for that so that is \$200,000.00 but the School Department took the \$160,000.00 that was supposed to be used for construction and bought furniture. I have been, obviously, upset about this and I have been talking to --- because Alex Prignano, about a way to solve the problem without, trying to get it accomplished for January 1, 1994 which was the original schedule date. We have come up with a potential solution and if it is okay with the Committee, I would like the Authority to have the paper work drafted up and maybe a meeting subsequent to this week, problem solved, I hope. Alex, why don't you just explain exactly what you would do.

MR. PRIGNANO: What I thought we might do, if he needs computers and classroom furniture, etc., we could possibly add it to our equipment lease, \$160,000.00 for the School Department who didn't request anything in this years master lease. Add \$160,000.00. We could then reimburse the PBA for the furniture that they had purchased assignment under our lease and the PBA would have the money to go and do the construction they need with Alan funds. The two would be about \$360,000.00.

COUNCILMAN IGLIOZZI: If they had just constructed the classrooms, originally, like we had authorized them in the Resolution, they would have came in with the master lease and asked for classroom computers to be on the master lease and it wouldn't have been such a complicated matter but they decided not to do that but they specifically intended, directed at me or not, because of the great debate that I created because of this matter, or not I don't know. I don't know what the motive was but they didn't do it that way. Instead they just decided to use the funds

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for furniture. Now Mr. Troiano, in the case, he was not aware of my conversation and correspondence with the School Department and therefore, that is why he did what he did, issued checks for furniture which is not precluded by the bond issue, according to Mr. Troiano, but I think computers are.

MR. TROIANO: Even computers were but we decided, because we didn't really know on a fast tract, what the buildings would cost, we held back and the School Department, which had these negotiations with you, never shared that infact they had made a commitment to you to use this capital lease program.

COUNCILMAN IGLIOZZI: I am not saying necessarily that the PBA bond issue precludes their activity. I am saying that our Resolutions precludes their activity and especially as a result of the minutes of this meeting which clearly reflect, and I asked a couple of Council people if they recall that, two of which, Councilwoman Fagnoli and Councilman Fenton, recall the specific debate about adding because remember they came in, they took out Laurel Hill, I couldn't understand why.

COUNCILMAN FENTON: Yes, it was supposed to be all four.

COUNCILMAN IGLIOZZI: Or nothing. Really, that is what it came down to, if you recall. It was all four or nothing and they agreed to do all four for the sake of getting it approved but once they get the approval, they are off.....

COUNCILMAN FENTON: Or all three but if there was a balance left over, they would do the fourth.

COUNCILMAN IGLIOZZI: Right.

MR. TROIANO: That is what I remember understanding.

COUNCILMAN FENTON: That's right.

COUNCILMAN GLAVIN: I voted against it.

MR. TROIANO: We can get that built now and I think that is what ---- if we use Alex's plan.

COUNCILMAN IGLIOZZI: But I think that would be the Committee's support and then subsequently....

MR. TROIANO: Cooperation from the School Department.

COUNCILMAN IGLIOZZI: School Department.

CHAIRMAN DILLON: We would have to approve an amendment to the lease?

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MR. PRIGNANO: Either that or just do it in a separate, but I think it would be easier to just add it on to the whole lease.

MS. GURIGHIAN: You will save money too, since you are going out to bid pretty soon for a lease.

MR. PRIGNANO: We, as a matter of fact, we are going out for a competitive bid. It was approved today at the pre-board to go out to bid. I can just change the amount from 2.1 million to....

COUNCILMAN FENTON: What is the interest rate difference between a master lease?

MS. GURIGHIAN: Actually, the lease will be a little better because it is shorter and it probably makes more sense to pay the furniture off over 6 or 7 years than over 20. So you should save money on the cost of the furniture, actually.

COUNCILMAN FENTON: Maybe we ought to start doing that.

COUNCILMAN IGLIOZZI: The paper work has to be done and I would suggest if this meeting could be continued for later this week so the paper work can be prepared.

COUNCILMAN FENTON: Can't we just do it Monday?

COUNCILMAN IGLIOZZI: I don't know the time frame.

MR. PRIGNANO: What you want me to do is present the Ordinance that you approved already with the additional schools.

COUNCILMAN IGLIOZZI: I don't really know the circumstances.

MR. PRIGNANO: David, do you want me to present the Ordinance that you people have already approved with the schools added on?

CHAIRMAN DILLON: It would be an additional order.

COUNCILMAN GLAVIN: I think we need to take a look at it and make sure it is done the right way. Haste always makes waste.

COUNCILMAN IGLIOZZI: We did confirm, we are lucky to have bond counsel here, representatives from the bank. She knows more about the bond issues than probably most lawyers I know so that is why the lawyers have to be in the red book. She indicated that it didn't seem to be a problem. If it is a problem it is a problem. Then obviously I would like to take up the issue and I would like this Committee to entertain having the School Committee come before us relatively soon because I would hate to vent all my frustration in the next budget year without giving them an opportunity to explain. I would like to have an opportunity as to

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why they specifically tried to circumvent a Resolution, a communication. I don't know. Maybe the motive is absolutely wrong. Maybe I misconceived.

COUNCILWOMAN FARGNOLI: They just don't like to be told what to do or how to do it.

CHAIRMAN DILLON: What is the result you want? You want them here or do you want it done?

COUNCILMAN IGLIOZZI: I just want it done. If this can be done and there is no problem, let's just do it.

MR. TROIANO: The work for the construction has already been put out for bid so we have the bid. It is just the question we don't have the funds available.

CHAIRMAN DILLON: Alright, put it on for next Monday.

COUNCILWOMAN FARGNOLI: Take it away from the School Department?

MR. TROIANO: If we can do what Alex is suggesting, yes.

COUNCILWOMAN FARGNOLI: I think it should be taken away from them.

MR. TROIANO: I am not sure what he is suggesting is taking away.

COUNCILMAN IGLIOZZI: I really appreciate that. We are just talking about classrooms for children who are learning.

PROVIDENCE REVIEW COMMISSION APPOINTMENT.

CHAIRMAN DILLON: Ken Richardson, Sidney Green and Keven McKenna.

COUNCILWOMAN FARGNOLI: Has to be a CPA.

COUNCILMAN FENTON: We don't really have a choice, do we?

COUNCILWOMAN FARGNOLI: No, I don't think we have a choice.

COUNCILMAN FENTON: I would like to see Sid on there but I don't think we have a choice.

COUNCILWOMAN FARGNOLI: I would love to see Sid but Sid is not a CPA.

On motion of Councilman Fenton, seconded by Councilman Glavin, it is voted to Approve the nomination of Ken Richardson to the Providence Review Commission.

RESOLUTION REQUESTING THE CITY COUNCIL TO WAIVER THE RESIDENCY REQUIREMENT RELATIVE TO SECTION 1210 OF THE HOME RULE CHARTER OF THE CITY OF PROVIDENCE.

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CHAIRMAN DILLON: We have a couple of residency Resolutions.

COUNCILMAN FENTON: What are we allowed to grant? Under what circumstances can we allow someone a waiver issue.

MS. MCLAUGHLIN: It is very narrow.

CHAIRMAN DILLON: Why even get into this. You have already opined, first of all, that we can't do it unless the Mayor specifically asks.

MS. MCLAUGHLIN: The Charter states, a certification from the Mayor that there is no one else that can do the work. It says, "upon certification by the Mayor that after due diligence, no person with proper qualifications can be found to fill a particular position among residents of the city".

COUNCILMAN GLAVIN: It is pretty specific, isn't it?

CHAIRMAN DILLON: This has to be continued. If they want to bring something from the Mayor but can you have a written thing as to what?

COUNCILMAN FENTON: Let's continue it and instruct the Clerk's Office to send a letter with a copy of the Ordinance and that they need to...

COUNCILMAN GLAVIN: Because this request have to comply with the City Charter.

CHAIRMAN DILLON: And in the meantime, you will also get a written thing about those cases when we could. I don't think there is many. It should be indicated in writing and do it in these following cases and I don't think either one of them qualifies.

MS. MCLAUGHLIN: That is it. You just need a certification that.....

COUNCILMAN FENTON: That there is nobody else on the face of the earth that can fill these jobs.

On motion of Councilman Fenton, seconded by Councilman Glavin, it is voted to Continue the foregoing Resolution.

COUNCILMAN FENTON: We are sending a letter to each of these people from the Committee. We should send a letter to these people saying we are not empowered to do anything.

MS. MCLAUGHLIN: Well, you actually are the body that does that but upon certification of the Mayor.

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CHAIRMAN DILLON: Actually, you should send a letter to us saying, these are the cases when you can and then Claire can say, per the attached, your matter was continued.

RESOLUTION AUTHORIZING THE CITY COLLECTOR TO CAUSE THE TAXES TO BE ABATED ON THAT PROPERTY LOCATED ALONG 8 LAVAUGHN STREET, SITUATED ON LOT 33, ASSESSOR'S PLAT 63, IN THE TOTAL AMOUNT OF NINE THOUSAND FIVE HUNDRED EIGHTY-FIVE DOLLARS TWO CENTS (\$9,585.02) IN ACCORDANCE WITH THE S.W.A.P. APPLICATION FILED BY LEONARD BAGGESED.

RESOLUTION AUTHORIZING THE CITY COLLECTOR TO CAUSE THE TAXES TO BE ABATED ON THAT PROPERTY LOCATED ALONG 205 OCEAN STREET, SITUATED ALONG LOT 880, ASSESSOR'S PLAT 54, IN THE TOTAL AMOUNT OF EIGHT HUNDRED FIFTY-ONE DOLLARS NINETY-ONE CENTS (\$851.91) IN ACCORDANCE WITH THE S.W.A.P. APPLICATION FILED BY RAFAEL TAVERAS.

RESOLUTION AUTHORIZING THE DIRECTOR OF BUILDING AND STANDARDS TO CAUSE THE BOARD-UP LIEN TO BE ABATED ON THAT PROPERTY UNDER THE S.W.A.P. PROGRAM, LOCATED ALONG 467-469 POTTERS AVENUE, SITUATED ON LOT 127, AS SET OUT AND DELINEATED ON CITY ASSESSOR'S PLAT 53, FOR THE SUM OF TWO HUNDRED FIFTY DOLLARS (\$250.00) IN ACCORDANCE WITH THE APPLICATION FILED BY SADDIE GARRETT. THE BOARD-UP LIEN BEING INADVERTENTLY LEFT OFF A PREVIOUS RESOLUTION PERTAINING TO TAXES AND WATER CHARGES.

CHAIRMAN DILLON: All these all in order, these abatements?

MR. WOERNER: Yes.

CHAIRMAN DILLON: Everything is here. Everybody is happy.

COUNCILMAN IGLIOZZI: Pat, have you reviewed the abatements?

MS. MCLAUGHLIN: I don't review them. They go from the City Collector up to the Finance Committee.

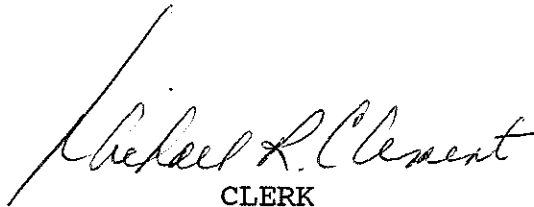
COUNCILMAN IGLIOZZI: Did you look at them Stephen?

MR. WOERNER: Yes and there is a letter from the Collector.

CHAIRMAN DILLON: We did all the work already and this fits under the thing.

On motion of Councilman Glavin, seconded by Councilwoman Fargnoli, it is voted to Approve the foregoing Resolutions.

ADJOURNMENT: On motion of Councilman Glavin, seconded by Councilwoman Fargnoli, it is voted to adjourn the meeting at 6:10 o'clock P.M.

  
CLERK

  
Assistant Clerk