

DEPARTMENT OF CITY CLERK

CITY HALL

DECEMBER 1, 1983

The Committee on Finance meets this evening at 7:00 o'clock P.M. in Committee Room "A", City Hall.

PRESENT: Chairwoman Brassil and Councilmen Dillon and Easton, Councilwoman Fagnoli and Councilman Farmer.

Also Present are Robert Goddard, Chairman of the Port Commission, Eugene Neary, Port Director; Larry Carrera of Crane Associates, William Collins, Mayor's Office; Jerome I. Baron, Finance Director; Stephen Woerner, City Internal Auditor. (Rose M. Mendonca, Clerk).

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1983-30, APPROVED JULY 10, 1983, BY TRANSFERRING THE SUM OF FORTY FIVE THOUSAND DOLLARS (\$45,000.00) FROM MOTOR FUEL ACCOUNT (1-005-17-02-11) TO THE DEPARTMENT OF PUBLIC WORKS MUNICIPAL DOCKS AND SERVICE ACCOUNT (1-05-13-151), AS AMENDED.

Mr. Collins submits the following which is a summary of expenditures to date with the container cranes:

CONTAINER CRANE EXPENDITURES--CITY OF PROVIDENCE

I. As Per Contract (December, 1982)

<u>ITEM</u>	<u>FUNDING SOURCE</u>	<u>AMOUNT</u>
1. Purchase & relocation of cranes	MOCD	\$1,050,000
2. Installation of concrete pad	bonding	289,000
		<u>1,339,000</u>

II. Subsequent Expenditures

1. One-time tune-up of cranes	"Float" income	80,000
2. spare parts, from Hawaii	city	46,000
3. two spreaders	city	15,000
4. crane rails; cost overrun	Float income	173,000
5. Concrete pad extra costs	city	85,000
6. radiators/ winterizing	city	28,000
		<u>427,000</u>
	City Project Cost	1,766,000

III. Annual operating costs

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Cranes maintenance: \$250,000 was budgeted. Bickerton Iron Works, the crane maintenance company, is paid \$228,000. Almost all of the remaining \$22,000 has been expended in five months for spare parts. Additional sums obviously will be needed.

Contract Board approved 1-4 in April, 1983. Items 5 and 6 were approved in November, 1983.

He states Container Associates has made a contribution. It is 50-50 with the City, the City is presently \$50,000 more.

Councilman Dillon states the City paid part of the money to bring in the cranes & install the concrete pad.

Mr. Collins responds payments were made through, Mayor's Office of Community Development.

He states Mr. Friedman borrowed the money and he and Matty Sherman guaranteed their money. Every hour the crane is used the shipper is charged \$350.00 to pay off the dept service that is incurred.

This year the goal was 10,000 containers.

He proceeds to explain the summary of expenditures presented and responds to questions.

Mr. Carrera apologized for Mr. Friedman's absence and states he represents the various entities working on the project.

He states by agreement they took on the responsibility of having the crane rails installed to receive the cranes that were purchased. The contract was put out to bid by the City of Providence^{and the City} at that time was going to undertake payment of the rails.

When it was decided to make this project a joint venture because of the source of the money the City was going to contribute, it was determined that the money could be used for only certain types of expenditures. One is relocation. They agreed to assume the contract that had been bid out. Campanella was the low bidder. The job was bid according to the design of Lee Pari Associates.

When they uncovered the area underground they found the actual work which was needed not according to the Lee Pari design.

The work to make the crane rails safe and feasible had to be changed entirely. It then went from a lump sum contract to a time and material basis for the balance of the job.

Considerable discussion ensues relative to Campanella and Paolino's work at the Port.

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Mr. Carrera proceeds to explain it was felt that Campanella could put in a pad that could make the berth suitable for the concrete. It was agreed that concrete would be installed for the entire length of Berth 6. A new bid process was created and Paolino Constuction Company came in low bidder for 700 feet of concrete pad.

He states they were advised to pay Campanella and they would be reimbursed by the City for the cost of the portion Campanella completed, the first 120 feet.

That was done and presented and verified by an independent engineer.

There was discussion on the money that was going to be paid to Campanella from the Paolino Contract and it was deducted. At that time there was a disproportionate number that was paid to Campanella because of certain conditions that existed.

He proceeds to invite anyone or everyone to review the Port and what money has been spent on. It is a joint venture. They are at the threshold of a golden opportunity projections are being realized.

The City will ultimately gain ownership of the Port resources. All of the land was made available for the City to open up a container Port.

He continues by stating the rates to users of the cranes are all different. The aggregate cost to bring a container through is geared for profit in a joint venture with a public facility.

The City of Boston spent twenty million dollars for that type of facility and it has been closed for two years. The rates charged the customers is very complex and he does not feel he should make the disclosure.

Mr. Neary refers to the problems with cranes and states no matter how new the equipment is, there will be minor problems. If new cranes were purchased, the cost would be between 4.6 to 6 million dollars each. With two containers, if one goes down, the other keeps operating. Ships are moved out expeditiously. Even if up to a million dollars was spent on parts, the City is still ahead.

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Twenty thousand containers a year has been reached Mr. Carrera states, which is 200 containers a week.

Councilman Dillon speaks of the cost and states the administration is requesting the Ordinance be passed a first time this evening.

He is of the opinion, the matter should have been submitted to the Council months before now. He states his objection. To a certain extent, they are doing what they want at the Port and at the last minute they come before the Council and saying the members must act.

Brassil
Chairwoman/suggests the Ordinance be passed a first time and referred back to Committee.

Councilman Easton disagrees as it is his opinion the need for haste has not been defined. Someone at the Port has to look ahead. This is not good planning and not good budgeting. The only way to end this is to say they will not approve this emergency.

Mr. Goddard states they originally submitted a budget with a higher allocation for maintenance. They considered the tax increase of the City. In a cooperative effort the Port Commission and management tried to do their best for a lesser amount of money to keep taxes down.

Chairwoman Brassil expresses her appreciation to all present.
by

AJOURNMENT: On motion of Councilman Dillon, seconded/Councilman Easton, the Committee ajourns at 8:15 o'clock P.M.

Spem Mendon
Clerk

Copied *[Signature]*

Compared *[Signature]*