

DEPARTMENT OF CITY CLERK

CITY HALL

MARCH 15, 1983

The Committee on Finance meets this day at 4:00 o'clock P.M. in Committee Room "A", City Hall.

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

Also present are Finance Director Baron, Mark Dunham and Alex Prignano of the Finance Department, City Internal Auditor Woerner, Roland L. Theriault, Executive Director of Providence Industrial Development Corporation and James Winoker, President of the Greater Providence Chamber of Commerce. (Rose M. Mendonca, Clerk).

Eric Jankel is present at this time and requests permission to speak on a newspaper article referring to a meeting held on the Narragansett Bay Water Quality Management District Commission which created some misrepresentation.

He also refers to a statement in the newspaper in which Councilman O'Connor referred to the article which was not reported properly and states Councilman O'Connor had reason to be agitated or concerned with the report.

Mr. Jankel states there was no attempt made to shift the responsibility for the imposition of the user fee onto the City Council.

The purpose of the report was to assess the impact of those fees on the users. It came out of a meeting in Mayor Cianci's Office with the Greater Providence Chamber of Commerce. The people from University of Rhode Island came into this issue from the outside.

They did not sit in this room for hours last April as everyone did going through the technicalities of the transfer and the user fee that had to be put in place. They did not share in the analysis that was done by the Finance Committee, nor were they aware of the proposal that came from the Mayor.

Mr. Jankel explains, in detail, the meetings and manner in which the Sewer Use Fee came into place.

He sums up by stating the members of the Narragansett Bay Water Quality Management District Commission spent the time with the Finance Committee and the City Council and they know what a difficult issue this was.

James Winoker, President of the Greater Providence Chamber of Commerce states they were in the forefront to point out what harm would be done to industry in the City of Providence by the sewer tax

and the increase they had in 1 1/2 years.

They made formal presentations to all of the official people in the City Administration and to the Narragansett Bay Water Quality Management District Commission. They pointed out there would be a lot of people severely hurt by that size raise which is being felt.

He officially, on the part of the Chamber, requests whatever efforts could be made on the part of the Narragansett Bay Water Quality Management District Commission, the City and the State to try constructively to change the rates to conform with whatever the recommendation of the University of Rhode Island Study group is and there may be a gradual increase instead of a sharp increase.

Discussion ensues on the matter and Mr. Jankel is excused with Chairwoman Brassil extending her appreciation to him for explaining the statements in the newspaper.

AN ORDINANCE IN AMENDMENT OF AND IN ADDITION TO
CHAPTER 21 OF THE CODE OF ORDINANCES OF THE CITY
OF PROVIDENCE ENTITLED "TAX STABILIZATION FOR
INDUSTRIAL PROPERTY."

Mr. Theriault states Providence Industrial Development Corporation is aware of the impact and anything that can be done to alleviate the burden on industry will be welcome.

He explains how long the Providence Industrial Development Corporation has been in existence and how it started. It is a non-profit corporation. They have impacted over 800 jobs in the City and have been instrumental in getting over Ten Million Dollars in expansion in the City.

They think Providence is the place for business and 28% of all industry jobs are in Providence. It is the place to be for business. Their job is to see that it is enhanced and that it grows.

He explains his program by showing sketches of figures.

Mr. Theriault states they have \$1,000,000 available for industry in low cost financing. In order to do their job, they need the Tax Stabilization Program.

They are trying to induce more industry into the City and return existing industry. Create more jobs and reduce unemployment.

He explains who will qualify: new industrial buildings or renovations to existing buildings.

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It will apply if \$200,000 is spent.

There is an application process and the City Assessor, who is in favor of this will design the application process.

He explains the procedure in Detroit which has a sliding scale, depending on improvements.

The City Assessor reviews the application, sends it to the Building Inspection for code violations, the City Collector also reviews the application for back taxes, if owed, it is denied.

The City Assessor makes his recommendation to the City Council, the Providence Industrial Development Corporation makes their recommendation.

If someone adds a substantial addition to their property, 50% is taxes and 50% is not. At the end of 11 years the entire property is fully taxed.

Considerable discussion ensues.

Mr. Moses of the State Office of Economic Development appears representing Morton L. Berman, Director of Rhode Island Department of Economic Development and presents a letter which he reads to the members.

Councilman Farmer questions as to whether the Ordinance is necessary in accordance with State Statute.

Mr. Moses suggests a legal interpretation be requested.

Mr. Winoker is of the opinion the Ordinance would establish guidelines so that people will be entitled to this without doing any political favors.

Charles Francis representative of Ryan & Elliot, a brokerage firm is present and states this could encourage companies to come to Providence, depending on their needs. He supports this concept as it will allow companies to stabilize their expenses for a period of time. He explains his opinion in detail.

Discussion ensues relative to Providence residents being hired but is disagreed upon in the event skilled labor is necessary and not available through a Providence resident.

Mr. Winoker speaks at length on the matter.

Councilman Farmer states he supports the entire program as there is nothing before them that does not exist. He refers to the State Statute.

The Ordinance does two things, it establishes specific procedure that an individual has to go through and if there is any doubt as to whether or not you have to adopt enabling legislation, they are acting.

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Following lengthy presentations, the Ordinance is Continued, on motion of Councilwoman Fagnoli, seconded by Councilmen Farmer and Easton, and the gentlemen are excused.

RELATIVE TO AUDITING OF THE CITY FINANCIAL RECORDS.

Harry Baird of Peat, Marwick, Mitchell & Co. is present and speaks of the City, for the first time this coming June 30th, will be in the accrual method.

There will be accrual for vacations and sick leave which did not have to be done before. Mr. Baron is working on the figures. It could be \$700,000 to \$800,000 added liability.

Mr. Baird states that liability must be accrued, which has not been done.

He then refers to full accrual and cash basis. To convert from full accrual to sixty days will throw the City from the surplus to an approximate \$6,000,000 deficit.

His firm is not in favor of sixty day accrual.

He then proceeds to discuss the difference between bonding and sale.

Mr. Baird states his firm made two strong recommendations in their management letter. One is that the City give consideration to include in its financial report, all the little funds all around under one umbrella. There are grants under the Park Department, Department of Planning and Urban Development, Mayor's Office of Community Development, etc.

Their idea is to place the funds together in a financial audit, put them in one statement then when they come out with the City's statement, everything will be there.

Chairwoman Brassil states if the Committee recommended Peat, Marwick, Mitchell & Co. be given the audit this year, it will be at the same fee as last year.

Mr. Baird states if they ask the Mayor to tell the departments to cut off as of June 30, 1983, the federal funding would cost only \$5,000 or \$6,000 more.

Chairwoman Brassil states, according to Mr. Baron, the Administration has agreed to the cut off date.

On motion of Councilman Farmer, seconded by Councilwoman Fagnoli and Councilman Dillon, it is voted to transmit a Resolution to the City Council for the hiring of Peat, Marwick,

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Mitchell & Co. for the sum of \$53,000 for the financial audit of the City of Providence for the fiscal year ending June 30, 1983.

Councilman Easton desires to be recorded as voting "No." He states he has a problem with the process they are following with the Audit. He does feel no one has done a better job than Peat, Marwick, Mitchell & Co. but he does not think they should continue to extend the contract without going out to bid.

RESOLUTION REPORTING RECEIPTS OF CERTAIN GIFTS
OF MONIES BY THE BOARD OF PARK COMMISSIONERS FOR
THE PRESERVATION AND CARE OF SPECIFIED BURIAL
LOTS IN NORTH BURIAL GROUND.

On motion of Councilman Farmer, seconded by Councilman Easton, it is voted to transmit the foregoing Resolution to the City Council with recommendation of Adoption.

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE
CHAPTER 1982-42 APPROVED JULY 7, 1982, BY TRANS-
FERRING CERTAIN SUMS OF MONEY WITHIN SEVERAL
DEPARTMENTS.

Chairwoman Brassil reads the Ordinance to the Members.

Questioned by Councilman Easton, Mr. Baron states the Administration is projecting a surplus in the accounts they are transferring from.

They have been concerned about revenues since the beginning of the year. The tax payments are not what was anticipated. The amount of shortfall at the end of each quarter has been reduced.

Councilman Dillon is reluctant to transfer money to Recreational Seasonal.

Councilman Easton speaks of the transfers to sidewalks and asphalt.

Mr. Baron once again states every department that has money transferred from has a positive balance.

Councilman Farmer states, following discussion on the transfers, that Mr. Baron is here now and this is the time to ask questions and fulfill the roll in the budgeting process.

Councilman Easton is of the opinion the members are rescuing department heads who have overspent their budget.

Considerable discussion ensues relative to the money spent on the sidewalks prior to election.

Councilman Dillon states when a department is going to overspend, they should come before the Committee, not retroactively.

Subsequently, on motion of Councilman Farmer, seconded by Councilwoman Fagnoli, it is voted to transmit the foregoing Ordinance to

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the City Council with recommendation of adoption.

Councilman Easton desires to be recorded as voting "No."

AN ORDINANCE IN AMENDMENT OF CHAPTER 1982-60, ENTITLED, "AN ORDINANCE ESTABLISHING A COMPENSATION PLAN FOR THE CITY OF PROVIDENCE AND REPEALING CHAPTER 1982-43," APPROVED DECEMBER 10, 1982, RELATIVE TO DEPUTY CLERK, PROVIDENCE MUNICIPAL COURT.

The Clerk is directed to transmit a memorandum to the Administration requesting their opinion on the foregoing Ordinance.

The Ordinance is thereupon Continued.

RESOLUTION AUTHORIZING AND DIRECTING THE CITY TREASURER, ACTING UNDER THE DIRECTION OF THE COMMITTEE ON FINANCE TO BORROW FROM TIME TO TIME, IN SUCH SUMS OF MONEY AS MAY BE NECESSARY, NOT EXCEEDING ONE MILLION FIFTY THOUSAND DOLLARS (\$1,050,000.00) TO BE USED EXCLUSIVELY FOR CARRYING OUT THE OFFICIAL REDEVELOPMENT PLAN FOR THE TRINITY GATEWAY REVITALIZATION PROJECT.

RESOLUTION AUTHORIZING AND DIRECTING THE CITY TREASURER ACTING UNDER THE DIRECTION OF THE COMMITTEE ON FINANCE TO BORROW FROM TIME TO TIME, IN SUCH SUMS OF MONEY AS MAY BE NECESSARY, NOT EXCEEDING EIGHT HUNDRED SIXTY-SEVEN THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$867,750.00) FOR CARRYING OUT THE OFFICIAL REDEVELOPMENT PLAN FOR THE SILVER LAKE REVITALIZATION PROJECT.

On motion of Councilman Easton, seconded by Councilwoman Fargnoli, it is voted to transmit the foregoing Resolutions to the City Council with recommendation of Adoption.

RESOLUTION REQUESTING THE TAXES TO BE ABATED ON LOT 482, PLAT 44, LOCATED ALONG 79 HANOVER STREET, IN THE TOTAL SUM OF TWO THOUSAND, NINE HUNDRED SEVENTY-FIVE DOLLARS AND FIFTY-TWO CENTS (\$2,975.52).

On motion of Councilman Easton, seconded by Councilman Dillon, the foregoing Resolution is Continued.

ADJOURNMENT: On motion of Councilman Easton, seconded by Councilwoman Fargnoli, the Committee adjourns at 7:10 o'clock P.M.

Rose M. Menhonen
Clerk

Copied *J.M.H.*

Compared *kgj*