

DEPARTMENT OF CITY CLERK

CITY HALL

JANUARY 13, 1982

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

Present: Chairwoman Brassil and Councilmen Dillon, Easton, Paolino, Lynch and Mansolillo.

Also present are City Treasurer Napolitano and City Council Internal Auditor Woerner. (Rose M. Mendonca, Clerk).

RENEWAL OF NOTES

City Treasurer Napolitano reviews the following Notes to be renewed at 9.75%:

<u>AMOUNT</u>	<u>PURPOSE</u>	<u>INT.</u>	<u>DATE</u>	<u>DUE DATE</u>	<u>RENEWAL OF NOTES</u>	<u>BANK</u>
\$ 200,000.00	School Mod. & Const. Loan V	9.75%	1/15/82	2/16/82	12058	RI Hospital Trust
2,670,000.00	P.W. Sewage Treat. & Sludge Incin. Loan Phase II	"	"	"	12057	"
500,000.00	Slum Clear, & Red. Loan V. West Broadway	"	"	"	12053	Columbus National Bank
275,000.00	Slum Clear. & Red. Loan V.	"	"	"	12050	Citizens Trust Company
500,000.00	Slum Clear. & Red. West End Project	"	"	"	12059	"
350,000.00	P.W. Sewage Treat. & Sludge Incin. Loan Phase II	"	"	"	12056	"
200,000.00	Slum Clear. & Red. Loan V.	"	"	"	12052	Old Stone Bank
980,000.00	Slum Clear. & Red. Loan V. Downtown Ren.	"	"	"	12054	"
1,750,000.00	P.W. Addt'l Mun Docking Facilities	"	"	"	12060	"
3,813,000.00	Slum Clear. & Red Loan V	"	"	"	12051	Industrial National Bank
1,300,000.00	Slum Clear & Red. Loan V. Charles St. Renewal Project	"	"	"	12055	"
980,000.00	P.W. Sewage Treat. & Sludge Inc. Loan Phase II	"	"	"	12045	"

On motion of Councilman Lynch, seconded by Councilman Mansolillo, the foregoing Notes are Approved.

Councilman Paolino desires to be recorded as "Not Voting" on those notes for Columbus National Bank and Rhode Island Hospital Trust Company.

RESOLUTION REQUESTING THE CITY ASSESSOR TO REPORT TO THE COMMITTEE ON FINANCE AS TO THE METHODS BY WHICH HE HAS DETERMINED THE FAIR MARKET VALUE AND THE APPORTIONMENT OF TAXES ON THE MAJOR COMMERCIAL PROPERTIES IN PROVIDENCE AND THE CITY COLLECTOR SUBMIT TO SAID COMMITTEE A LIST OF COMMERCIAL TAXPAYERS WHO ARE DELINQUENT IN THEIR PAYMENT.

City Assessor Littler and City Collector Tarro are present in accordance with the request of Councilman Brennan sponsor of the foregoing Resolution, made to this Committee.

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A communication is presented from the City Assessor dated December 10, 1981 and the City Collector, dated December 12, 1981 in response to the Resolution, which is on file in folder this date.

City Collector Tarro informs Councilman Brennan, that commercial properties are not broken into categories to separate them from the regular tax roll. He had his staff review the tax list and the top taxpayers pay first..

Councilman Brennan questions the commercial taxpayers that would be behind in payment because of the high money market where they can make money on the City.

Mr. Tarro states if the interest rate was low and their collection was not on a good standard, he would agree. They are only 1% off last year which is due to the strike.

If they are running behind, they request the large taxpayers to come across in advance of payment of current tax and anyone that has been requested comes through. He prefers not to name the companies as it involves stockholders.

Mr. Littler states after analysis of downtown property over the years, it will be found that it figures out to a given percentage of their gross income.

Questioned by Councilman Brennan, Mr. Littler states the present percentage rate tax on the high rise buildings is about 19% of gross income.

Being questioned further, he states the Housing for the elderly comes under a different formula established in 1975.

Councilman Brennan questions if a person is building a \$120,0000 home and the assessment is on the \$67.43 why is the Rhode Island Hospital Trust Towers, who builds a costly building, not the same. They get a tax break, which he does not feel is fair.

Mr. Littler states the cost of \$100,000 today would not be assessed at that.

Questioned by Councilman Brennan, Mr. Littler states when rentals do work inside the building, they are assessed on that and they do not get a tax break, they are assessed to the lessee.

Councilman Brennan questions taxes paid by Rhode Island Hospital Trust Towers and Mr. Littler informs they pay one half million dollars plus, roughly an assessment of 8.5 Million dollars. Plus the office furniture, equipment, etc. IBM is the second largest taxpayer in the City, \$16,900 is taxed plus equipment.

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Councilman Brennan questions as to when Mr. Littler assesses properties in the neighborhoods, what the average selling price on a home is.

Mr. Littler responds they do not assess properties in the neighborhoods under individual sales, the tax is taken from figures established in 1975.

Councilman Brennan questions as to why 40 Westminister Street is not revaluated and Mr. Littler states it was in 1976 and reviewed every year. The price is about 4.7 million dollars.

Mr. Littler informs the Members that in the old days, a list of the top 20 taxpayers was published in the newspaper. There is \$240,191,550 taxes. They pay 19.8% of the total taxes to the City, not including motor vehicles.

Councilman Brennan questions as to whether Mr. Littler would have been willing to go along with the Supplemental Tax if he was an elected City Assessor.

Mr. Littler responds he does what he is directed to do by the City Council in certifying the tax rolls. An Ordinance is passed and he carries it out in accordance with the General Laws of the State.

Mr. Tarro submits a list of the top twenty taxpayers to the Committee.

Representative Kevin McKenna, being present requests to be heard and states there are a couple of points this Committee should address in terms of lost revenue.

It is his opinion that just because they submitted the top twenty taxpayers paying 20% is not good. The Assessor is revaluating the highrises every year but not the neighborhoods. In the neighborhoods they went up 42%. When they reevaluate 40 Westminister Street and Rhode Island Hospital Trust Company the taxes were lower. He would contest legally, the manner in which the Assessor does the income method.

Considerable discussion ensues relative to the Resolution following which the City Collector and City Assessor are excused.

REPRESENTATIVES OF RHODE ISLAND SCHOOL OF
DESIGN INVITED RELATIVE TO RESOLUTION RE-
QUESTING THEY MEET WITH THE COMMITTEE TO
NEGOTIATE PAYMENT IN LIEU OF TAXES FOR BUILD-
ING AT 31 CANAL STREET.

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Dr. Lee Hall, President: Bayard Ewing, Chairman of the Board and Attorney Randall Bliss of the Rhode Island School of Design are present by invitation.

Councilman Paolino explains what he has done in accordance with the request incorporated in the Resolution. He read the article in December where it states Rhode Island School of Design was buying the Workmen's Compensation Building.

His first reaction was there is a building that will stay off the tax rolls.

Rhode Island School of Design is a good organization and the City has done business in the past with them, the former Phillips Lead Building. They fixed and restored the building and they did agree to pay money to the City in lieu of taxes on that building.

Knowing the spirit and their contribution to the City and State, he wanted to appear before the State Properties Committee to have an opportunity to see if an arrangement could be met and the State Properties Committee then ratify the sale.

Due to legal reasons they felt obliged to ratify the contract and they had conversations with officials of the College and they thought some arrangement could be made between the School and the City, they were going along with the sale and urge the College to meet with the Committee to negotiate.

Mr. Ewing states he was surprised the City was not aware of the special Act that went through last year authorizing the sale by the State to the College.

Councilman Paolino states a Resolution was never presented by the City Council in support of the bill. There was no media coverage.

Mr. Ewing states it did not attract any attention. He is a taxpayer in Providence and recognizes the problem. It would make a substantial difference if all tax exempt paid money in contribution to Providence.

He states a State Commission is now studying the status of tax exempt institutions and it is being fully considered and until public policy is changed, they do not feel justified in starting a new departure from established procedures.

Until then, as Trustees of a non-profit organization they do not feel justified to make an alteration. In the case of

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the Phillips Lead Building, they were told it was a condition preceding their purchasing it.

Chairwoman Brassil states she was a Member of the Committee On Urban Redevelopment, Renewal and Planning at that time and the property belonged to the Redevelopment Agency and the Members refused to sell the building unless they agreed. This is a lack of communication between the City and State.

Mr. Ewing states this was lobbied very hard by Members of the Bar Foundation who were anxious to have a location in the City. They are a non-profit organization and would be the tenant when that transaction is arranged.

Councilman Paolino questions as to whether Mr. Ewing knows when the State advertised the building.

Mr. Ewing responds there are two different ways the State can dispose of property. If it is without a Special Act of Legislation, they advertise it, The Special Act was in lieu of advertising.

Councilman Paolino is of the opinion if the Special Act did not happen, many Attorneys would have wanted the building.

The Rhode Island Bar Foundation will move from a building that taxes are being paid for, to a building that will not be paying taxes and there will be a vacancy where they are paying taxes.

He refers to the proposed sale of John Howland School to Miriam Hospital.

He questions as to whether the College can pay some sort of contribution to the City on this property until the Legislature and the Commission comes up with something.

Mr. Ewing states they have done that in some cases and explains in detail. He refers to the Executive Committee of Rhode Island School of Design that their feeling is until the public policy is changed, they do not feel justified in starting a new departure from established procedures.

That is the message he has to bring today, unhappily.

Councilman Lynch states the City should have gotten into this a long time ago. He assumes they intend to operate this on a profitable basis and given that fact, questions whether Mr. Ewing feels any obligation.

Mr. Ewing responds by describing the building, its location and the steep hill it is located on. He states it is an inefficient

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building. He doubts that any other buyer would have thought of preserving the block behind it. The Bar Association faces a heating bill of \$28,000 a year.

Councilman ^{Easton} speaks at length on the overall situation of tax exempt property.

Councilman Mansolillo is of the opinion the State Government is the proper forum for discussion and exemptions for non-profit institutions. The institutions don't just serve Providence. He is not interested in Churches that do serve the community. Rhode Island School of Design and Brown University serve everyone outside of the City.

Councilman Paolino informs the Members that Senator Orabona is going to introduce legislation to the Senate, that before State buildings can be sold to Tax Exempt Organizations, that they negotiate with the City or Town first.

Chairwoman Brassil expresses appreciation to the Representatives of Rhode Island School of Design for attending and they are excused at this time.

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF SEVEN THOUSAND, FOUR HUNDRED EIGHTY-EIGHT DOLLARS (\$7,488.00) FROM PENSIONERS LABORERS INTERNATIONAL FUND 11-05-382 TO PUBLIC BUILDINGS AND PROPERTIES, ITEM 0.

On motion of Councilman Dillon, seconded by Councilman Easton, it is voted to Postpone the above Ordinance in Committee Indefinitely.

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF FIFTY-THOUSAND DOLLARS (\$50,000.00) FROM PUBLIC WORKS-ENGINEERING DEPARTMENT, ITEM 0 TO PUBLIC WORKS SEWAGE DISPOSAL AND PUMPING, ITEM 0.

On motion of Councilman Lynch, seconded by Councilman Easton, it is voted to amend the foregoing Ordinance by inserting the amount ^{of} (\$62,000) Sixty Two Thousand Dollars in lieu of (\$50,000) Fifty Thousand Dollars.

Mr. Woerner explains there are a number of problems with that account. In the number of attritions, they were including lay offs of sewer workers which were certified. This corrects what has happened.

Councilman Dillon states it is disturbing all these Ordinances are presented and there is not a representative of

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the Finance Department.

Councilman Lynch brings out the fact, that at Finance Committee meetings and City Council meetings, a Finance Director and City Controller were always in attendance, together with the Budget Officer, when that position was held.

On motion of Councilman Lynch, seconded by Councilman Easton, it is voted to Continue the foregoing Ordinance until a representative of the Finance Department is present for explanation.

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF ONE HUNDRED TEN THOUSAND FIVE HUNDRED DOLLARS (\$110,500) FROM PUBLIC WORKS STREET CLEANING ITEM "0" TO PUBLIC WORKS WATER COLLECTION AND PROCESSING ITEM "189".

On motion of Councilman Easton, seconded by Councilman Lynch, it is voted to amend the foregoing Ordinance by inserting the amount of Seventy Thousand Dollars (\$70,000) in lieu of One Hundred Ten Thousand Five Hundred Dollars (\$110,500).

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF NINETY-SEVEN THOUSAND DOLLARS (\$97,000) FROM PUBLIC WORKS STREET CLEANING ACCOUNT (1-05-04-0) TO PRIVATE CONTRACTING STREET CLEANING ACCOUNT (1-05-04-189).

On motion of Councilman Easton, seconded by Councilman Lynch, it is voted to amend the foregoing Ordinance by inserting the amount of One Hundred Forty Thousand Dollars (\$140,000) in lieu of Ninety-Seven Thousand Dollars (\$97,000).

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF NINETY THOUSAND DOLLARS (\$90,000) FROM PUBLIC WORKS - HIGHWAY, ITEM 1 TO PUBLIC WORKS HIGHWAY, ITEM 2.

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF SIX HUNDRED THIRTY THOUSAND DOLLARS (\$630,000) WITHIN THE PUBLIC WORKS WASTE COLLECTION ACCOUNT FROM 05-07 ITEM "0" TO 05-07 ITEM "1".

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF ONE HUNDRED FORTY-THREE THOUSAND DOLLARS (\$143,000) WITHIN THE PUBLIC WORKS WASTE COLLECTION AND PROCESSING ACCOUNT FROM 05-07 ITEM "5" TO 05-07 ITEM "189".

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF TWELVE THOUSAND DOLLARS (\$12,000) WITHIN THE PUBLIC WORKS WASTE COLLECTION PROCESSING ACCOUNT FROM 1-05-07 ITEM "2" TO 1-05-07 ITEM "189".

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AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF ONE HUNDRED TEN THOUSAND FIVE HUNDRED DOLLARS (\$110,500) FROM PUBLIC WORKS STREET CLEANING ITEM "0" TO PUBLIC WORKS WASTE COLLECTION AND PROCESSING ITEM "189".

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF NINETY-FIVE THOUSAND DOLLARS (\$95,000) FROM HIGHWAY 1-05-08-164 TO HIGHWAY 1-05-08-263.

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000) FROM PUBLIC WORKS STREET CLEANING EQUIPMENT RENTAL 1-05-04-164 TO PRIVATE CONTRACTING STREET CLEANING ACCOUNT 1-05-04-189.

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, BY TRANSFERRING THE SUM OF NINETY-SEVEN THOUSAND DOLLARS (\$97,000) FROM PUBLIC WORKS STREET CLEANING ACCOUNT 1-05-04-0 TO PRIVATE CONTRACTING STREET CLEANING ACCOUNT 1-05-04-189.

On motion of Councilman Lynch, seconded by Councilman Easton, the foregoing Ordinances are Continued until such time as a Representative of the Finance Department is present for explanation.

The Clerk is directed to transmit a memorandum to Finance Director Baron, informing him of the continued matters the reason being a representative of the Finance Department is not present.

AN ORDINANCE IN AMENDMENT OF SECTION 30 OF CHAPTER 1981-40, EFFECTIVE JULY 20, 1981, ENTITLED, "AN ORDINANCE ESTABLISHING THE CLASSES OF POSITIONS, THE MAXIMUM NUMBER OF EMPLOYEES AND THE NUMBER OF EMPLOYEES IN CERTAIN CLASSES IN THE CITY DEPARTMENTS", RELATIVE TO DEPARTMENT OF PUBLIC WORKS - ENGINEERING OFFICE.

On motion of Councilman Lynch, seconded by Councilman Easton, the foregoing Ordinance is Continued until a representative of the Finance Department is present.

RESOLUTION REQUESTING THE MEMBERS OF THE RETIREMENT BOARD OF THE EMPLOYEES RETIREMENT SYSTEM TO PURSUE ALL AVENUES TO HAVE THE CITY OF PROVIDENCE PAY THE FUNDS DUE THE PENSION SYSTEM.

Chairwoman Brassil states the Finance Committee has appropriated money to the pension system with the exception of last year. She does not feel the Finance Committee or the City Council is responsible for the money not being placed into the pension system.

Councilman Easton states the problem is the Resolution says so little. Since there is a suit pending, he does not

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want anything to interpret they owe them that money.

Councilman Lynch states information should be required from Mr. Corrente, as the Chief Officer of the Retirement Board, as to what is involved.

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

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE, CHAPTER 1981-39, EFFECTIVE JULY 20, 1981, RELATIVE TO THE WATER DEPARTMENT.

AN ORDINANCE AMENDING CHAPTER 1981-41 EFFECTIVE JULY 20, 1981, ENTITLED: "AN ORDINANCE ESTABLISHING A COMPENSATION PLAN FOR THE CITY OF PROVIDENCE," RELATIVE TO WATER SUPPLY BOARD.

AN ORDINANCE AMENDING SECTIONS 58, 59, 60 AND 61 OF CHAPTER 1981-40, EFFECTIVE JULY 20, 1981, ENTITLED: "AN ORDINANCE ESTABLISHING THE CLASSES OF POSITIONS, THE MAXIMUM NUMBER OF EMPLOYEES IN CERTAIN CLASSES IN THE CITY DEPARTMENTS," RELATIVE TO WATER SUPPLY BOARD.

Councilman Lynch repeats what he had stated before that he had conversation with Ed Burke, Chairman of the Public Utilities Commission after this Committee had reported the Ordinances out to the floor and he informed him that the mandates placed upon the City by the Public Utilities Commission has to do with rates, they did not concern themselves substantially with any pay raises.

He spoke to Mr. Burke again this week and he reinforced what he said previously. He felt as Chairman of the PUC, he felt it was not up to the Commission to set the salaries of any City employees. He felt it was a priority of the City Council.

Councilman Lynch further states he was absent when the Ordinances were voted out of Committee previously and he recalls reading it in the newspaper where the increases were mandated.

Chairwoman Brassil is of the opinion some of the increases may be justified, She requests the members review this again to clear up the situation.

She requests Mr. Woerner submit a copy to Councilman Lynch with the changes requested.

On motion of Councilman Lynch, seconded by Councilman Easton, the foregoing matter is Continued.

RESOLUTION AUTHORIZING THE CITY TREASURER, ACTING UNDER THE DIRECTION OF THE COMMITTEE ON FINANCE, TO BORROW, NOT EXCEEDING FOUR MILLION SIX HUNDRED AND TWENTY-FOUR THOUSAND DOLLARS (\$4,624,000.00) TO BE USED EXCLUSIVELY FOR CARRYING OUT THE PURPOSE OF FINANCING THE OFFICIAL REDEVELOPMENT PLAN FOR THE DOWNTOWN

PROVIDENCE RENEWAL PROJECT.

Councilman Dillon is of the opinion a meeting should be held with Mr. Belcher of the Industrial National Bank before the City borrows any further.

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

RESOLUTION REQUESTING THE CITY OF PROVIDENCE NOT EXPEND NOR PAY ANY MONEYS FOR GARBAGE COLLECTION AND/OR STREET CLEANING UNTIL THE CITY COUNCIL CONSIDERS AND APPROVES PAYMENT PURSUANT TO THE PROVIDENCE CITY CHARTER AND CODE OF ORDINANCES.

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

PETITION OF MARK E. LIBERATI, ESQUIRE, NEW CITY ASSOCIATES, 331 BROADWAY, REQUESTING THE CITY COUNCIL TO COMPROMISE CERTAIN DEMOLITION AND OTHER LIENS PLACED AGAINST CERTAIN PROPERTIES BY FIFTY PERCENT (50%).

On motion of Councilman Easton, seconded by Councilman Lynch, it is voted to Continue the foregoing petition and the City Clerk is directed to invite New City Associates to attend the next scheduled meeting.

COMMUNICATIONS FROM:

- A. DR. ROBERT RICCI, SUPERINTENDENT OF SCHOOLS, RELATIVE TO ASA MESSER SCHOOL.
- B. JOHN T. CAMPANINI, JR., DIRECTOR/DIVISION OF GROUNDS MAINTENANCE RELATIVE TO EMPLOYEES.
- C. JAMES C. RALEIGH, RELATIVE TO COBBLESTONES ALONG PINE STREET.
- D. LEO P. BARONIAN, RELATIVE TO COST OF SPECIAL ELECTION 5TH WARD.
- E. RICHARD A. CARLSON, OF ARTHUR J. GALLAGHER & CO. RE: WORKMEN'S COMPENSATION.

The foregoing communications are read by the Chairwoman and are severally received.

The Clerk is requested to correspond with the Auditors, Peat, Marwick and Mitchel and request a progress report.

ADJOURNMENT: On motion of Councilman Dillon, seconded by Councilman Easton, the Committee adjourns at 6:00 o'clock P.M.

Rose M. Menlove
Clerk

Copied *J.M.A.*
Compared *J.H.D.*