

DEPARTMENT OF CITY CLERK

CITY HALL

APRIL 12, 1982

The Committee on Finance meets this day at 3:00 o'clock P.M. in Committee Room "A", City Hall.

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

Also present are City Council Internal Auditor Stephen Woerner, Finance Director Baron, City Collector Tarro and Erick Jankel, Executive Director of Narragansett Bay Water Quality Management District Commission.

AN ORDINANCE IN AMENDMENT OF CHAPTER 1979-37, APPROVED SEPTEMBER 28, 1979, ENTITLED: "AN ORDINANCE REGULATING THE USE OF INTERCEPTORS, PUBLIC AND PRIVATE SEWERS AND DRAINS, THE INSTALLATION AND CONNECTION OF BUILDING SEWERS AND GARBAGE DISPOSAL UNITS, THE DISCHARGE OF WATER AND WASTEWATERS INTO THE PUBLIC SEWAGE SYSTEM, AND PROVIDING FOR THE ENFORCEMENT OF THESE RULES AND REGULATIONS AND COST RECOVERY PROGRAM IN THE CITY OF PROVIDENCE, COUNTY OF PROVIDENCE, STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS.

Chairwoman Brassil states the passage of the foregoing Ordinance would cost the City of Providence 8.9 million dollars for the next fiscal year. The proposed sewer use rates are \$55 per dwelling unit for residential rates and 95¢ per h.c.f. for commercial and Industrial rates. She states the total cost of residential fees in addition to the fees of commercial and industrial users would total Ten Million, Fifty-nine Thousand, One Hundred Fifty-two Dollars \$10,059,152 to run this plant. She states it has previously been run for Five Million Dollars.

Councilman Easton states that three weeks ago he asked Mr. Baron to report on what it cost them to operate the plant, what was paid by residential and what was paid by commercial and industrial.

Mr. Baron states that the cost last year was about Five Million Dollars.

Councilman Paolino states it cost the City five million last year and now it will cost the City Ten Million. For this reason the City did not appropriate enough money.

He questions Eric Jankel as to why it will cost the City more money now and why it is being broken down and also what the ramifications if a sewer use fee is not in effect in Providence.

Mr. Jankel submits the Narragansett Bay Water Quality Management District Commission estimated Revenue Requirements, January 1, 1982 - December 31, 1982.

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He refers to Exhibit 2 of his report and states the cost of the Administration's payroll is \$700,000, which is a new cost to them.

Chairwoman Brassil questions as to whether or not they have had this cost before.

Councilman Easton states that a lot of Public Works administration should be eliminated for this.

Councilman Paolino agrees and states they will talk to Mr. DiSanto about that.

Mr. Jankel states they have estimated \$119,000 for start up costs. He explains that those are costs they have to incur as a brand new organization.

Councilman Easton questions if they can eliminate \$185,000 in materials and supplies.

Mr. Jankel states that they cannot as they will be one to one services.

Councilman Paolino questions how they could get the cost down.

Mr. Jankel states he does not believe they can.

Councilman Paolino asks if they were to cut their budget, where could they start looking.

Mr. Jankel states there is no way they can cut this budget. He states they are going to begin a rehabilitation system which will amount to Ten Million Dollars over three years, which is a good figure.

Councilman Paolino questions if that is capital improvements.

Mr. Jankel states that it is. He states they are also expecting federal aid.

Councilman Paolino questions if they do get federal aid, will they give the surplus money back to the City of Providence.

Mr. Jankel explains that the Commission's ineligible share is \$810,000.00; the Commission's 10% Federal Match would be 108,000.00, and the Commission's 10% Bond Fund Match amounts to \$81,000, which brings the total estimated commission requirements (REHAB) to \$999,000.00.

Councilman Paolino asks Mr. Jankel to paint him a picture of what will happen if this Council does not go with the sewer use fee.

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Mr. Jankel states there is an outstanding court fee against the City of Providence at this time in the amount of \$825,000 from October of 1980 and two cases against the City regarding clean air and water. He states the City has the liability to pay those fines.

He adds that there are two critical repairs to be made. Allens Avenue interceptor, which has a huge crack and also the repair of Pleasant Valley Parkway.

Councilman Paolino questions as to what will happen if the interceptor is not repaired.

Mr. Jankel states it will collapse and raw sewage will run down the streets. He states once the transfer takes place it will be a lot less for the City to pay. He states they are liabilities that have to be paid and that is why the people passed the bond issue.

Councilman Flynn states that this is about INGE, he states the bay will not take over the INGE contract.

Mr. Jankel states they will not accept INGE on its present terms. but are willing to renegotiate the liabilities to the City providing the City makes the transfer.

Following further discussion, Councilman Paolino directs Mr. Jankel to look at the City's budget for last year and compare it with this years.

Chairwoman Brassil states that they have to take action now.

Councilman Easton states the total cost of running the plant this year would be 8 million dollars and last year is cost five million dollars, in his estimation, it is costing the users three million dollars more this year.

Councilman Paolino wants to know where the extra three million dollars is going.

Mr. Jankel replies they have to purchase equipment, they have to carry insurance coverage, there is interest on working capital, debt service, existing administration.

Councilman Easton states those are things they would not have to do if the plant were not transferred.

Chairwoman Brassil states they would still have to have capital improvements.

Considerable discussion ensues, following which Chairwoman Brassil questions Finance Director Baron as to how much it cost the City to run the sewer treatment plant last year, including everything.

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Councilman Dillon states that that information should be before the members in the form of a report.

Councilman Easton states they should not act on this until they do have it in a report.

Mr. Baron states it cost the City roughly 6.2 million dollars.

Councilman Paolino questions as to if that includes INGE.

Mr. Baron states INGE was not in operation last year.

Councilman Easton states that if they added INGE into that, it would have cost over 8 million to run the plant last year.

Councilman Paolino states INGE is about another one million or 1.2 million dollars.

Councilman Farmer states if INGE went into effect in October, was it in the budget.

Councilman Mansolillo states it was not.

Councilman Farmer questions as to where the money came from.

Councilman Mansolillo states it came from other accounts.

Councilman Paolino states that this City Council never approved INGE.

Councilman Farmer states the Board of Contract and Supply approved it.

Chairwoman Brassil states they do not feel that the INGE contract is legal.

Mr. Jankel states they should be able to prove it is not a legal contract by the method of getting the Board of Contract and Supply to legalize it.

Councilman Easton wishes to know of the cost of running the sewage treatment plant, what percent of user fees and supported by taxes, what percent of taxes were residential as opposed to commercial and industrial.

Chairwoman Brassil states they have been told \$1.00 to \$1.50.

Mr. Woerner states one third is residential fees.

Councilman Easton states the average person who paid \$25 last year will be paying \$50 this year.

Chairwoman Brassil states the average person will be paying \$55.00.

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Councilman Dillon states the average household will pay \$25.00.

Councilman Mansolillo states that these figures are being pulled out of the air.

Chairwoman Brassil requests Councilman Mansolillo to read his ordinance, and he does so, and it is brought out that "Residential" shall mean property containing fewer than six dwelling units as verified by the Assessor of taxes of the City of Providence and shall be assessed a charge of \$55 per dwelling unit. All other property within the City of Providence shall be deemed to be industrial, commercial or institutional and shall be charged 95¢ per 100 cubic feet of water consumption.

Chairwoman Brassil states that if they want to act on this by this Thursday night, they can amend the Ordinance.

Mr. Jankel states that one of his concerns is that a segregated sewer fund be established.

Councilman Mansolillo states that should be done in a separate Ordinance.

Mr. Woerner states that is an accounting technique.

Following further discussion, it is voted on motion of Councilman Mansolillo, seconded by Councilman Paolino, to amend the aforesaid Ordinance to change section 3 of the area on rates providing a sewer use fee for residential facilities in the amount of \$55 per dwelling unit and all other industrial and commercial properties by 95¢ per 100 feet of water consumption.

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

Councilman Easton wishes to find out what percentage of the sewer use fee was paid by residential dwellings and how much was paid by commercial and industrial dwellings.

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Councilman Mansolillo states that the Finance Director has previously given that information as 30% paid by residential and 70% industrial, commercial and institutional facilities.

Councilman Dillon feels that before any decision is made this Committee needs more information.

Councilman Easton feels if this fee is introduced taxpayers should have approximately \$4.77 taken off their tax rate.

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Councilman Easton questions what they should pass the percentage on. He states water use is not relevant. He states they ought to pass the rate on what the ratio is now.

Following considerable discussion, it is voted on motion of Councilman Mansolillo, seconded by Councilman Easton, to approve the foregoing Ordinance and transmit it to the City Council for passage, as amended.

Councilman Dillon and Councilman Flynn request to be recorded as voting "No."

Chairwoman Brassil votes "Aye".

The Meeting adjourns at 5:15 o'clock P.M.

Jeanne L. DeFusco
Assistant Clerk

Rose M. Mendonca
Clerk

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Compared

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