

DEPARTMENT OF CITY CLERK

CITY HALL

FEBRUARY 25, 1980

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

PRESENT: Chairwoman Brassil and Councilmen Addison, Easton, Paolino and Farmer.

Also present are Finance Director Bernardo and City Treasurer Napolitano. (Rose M. Mendonca, City Clerk)

Discussion ensues relative to the funding of the Retirement System.

Questioned by Councilwoman Brassil, Mr. Bernardo states he believes the pension plan is funded close to 70%.

Councilwoman Brassil is of the opinion they should request up to date/^{data}relative to the pension fund.

The Clerk is directed to obtain a copy of the Auditor Generals ruling on funding of the pension plans.

RELATIVE TO RENEWAL OF NOTES

Mr. Napolitano submits short term, six month notes due February 29, 1980, payable August 29, 1980, when renegotiated the interest went from 6.5% to 9.25%, effective February 29, 1980.

According to the City's advisors and the four banks involved, the interest is based on a prime rate of approximately 18%, 16½% is the prime rate as of now. They have to hold these notes for the next six months. If this is not done at this time, the City will have to pay the twenty-five million dollars, or default.

He states the City has within the first five years, an option to call them in without being penalized.

Mr. Napolitano explains, in detail, the percentage and the buying of bonds.

Discussion ensues relative to the contract for the Dredging of Berth 5.

On motion of Councilman Easton, seconded by Councilman Paolino, it is voted that the City Solicitor be informed of the Committee's request that the Dredging of Berth 3 be advertised for bids a second time and the first contract awarded to Fondedile, S. p. A. on November 13, 1979, be rescinded due to statements made relative to the contract.

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On motion of Councilman Easton, seconded by Councilman Addison, it is voted to direct the Finance Director that in the future, when short term notes are submitted to the Committee on Finance, that information also accompany the notes as to the actual expenditures of each request.

On motion of Councilman Easton, seconded by Councilman Farmer, it is voted to authorize the City Treasurer to renew the following notes:

<u>AMOUNT</u>	<u>PURPOSE</u>	<u>INTEREST</u>	<u>DATE</u>	<u>DUE DATE</u>	<u>BANK</u>
\$2,350,000.00	Constr. of Seawall & Add'l Docking Facilities	9.25%	2/29/80	8/29/80	Old Stone Bank.
\$ 500,000.00	School Modern. & Constr. loan IV.	"	"	"	"
\$ 595,000.00	School Modern. & Constr. Loan V	"	"	"	"
" "	" "	"	"	"	"
\$ 980,000.00	Slum Clear. & Redev. No. V (Downtown Prov. Renewal)	"	"	"	"
\$ 500,000.00	Slum Clear. & Redev. No. V (West End Project)	"	"	"	"
\$1,605,000.00	School Modern. & Constr. Loan V	"	"	"	Ind. Nat. BK.
" "	" "	"	"	"	"
\$8,500,000.00	P.W. Sewage Treatment & Sludge Inc. Loan.	"	"	"	"
\$1,000,000.00	Capital Purposes	"	"	"	RI HOSP. TR. NAT. BANK.
\$ 500,000.00	Slum Clear. & Redev. No. V (West Broadway A-2-1-3)	"	"	"	"
\$3,538,000.00	Slum Clear. & Redev. No. V	"	"	"	"
\$1,020,000.00	Const. of Seawall & Addit. Docking Fac.	"	"	"	Col. Nat. Bank.
\$1,950,000.00	Constr. of Seawall & Addit. Docking Fac.	"	"	"	Citizen's Bank.

Councilman Paolino desires to be recorded as "Not Voting".

RELATIVE TO: RESOLUTION REQUESTING THE CITY SOLICITOR APPEAR BEFORE THE GENERAL ASSEMBLY AND URGE PASSAGE OF AN ACT TO EMPOWER THE CITY OF PROVIDENCE TO EXEMPT FROM TAXATION, THE REAL AND PERSONAL PROPERTY OF THE OTHA BOONE LODGE, 30 HASKINS STREET, PROVIDENCE, RHODE ISLAND.

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

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AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1979-30, APPROVED JUNE 22, 1979, BY APPROPRIATING THE SUM OF FOUR MILLION, SIX HUNDRED NINETY-SIX THOUSAND, EIGHT HUNDRED NINETY-THREE DOLLARS AND SEVENTY-FOUR CENTS (\$4,696,893.74) TO ITEMS 0 AND 1, VARIOUS DEPARTMENTS (LABORERS, POLICE, FIRE, AND SCHOOL DEPARTMENT CONTRACTS), AS AMENDED.

Councilman Easton speaks of his amendment to the appropriation Ordinance he had wanted approved at the City Council Meeting of February 21, 1980.

He states it would require future Appropriation Ordinances to be based on positive practices of actual receipts. Hopefully, when estimates are being made, they will be based on realistic estimates of what can be actually expected to be received.

He did work on what the shortfall has been on major categories and is of the opinion, property taxes is the major area.

The first part of his amendment requires that the estimates be no higher than 1% of the figures of the last year available.

In 1976-77, 90% collection rate was estimated and only 82% was collected; in 1977-78, 90.6% was estimated and 87.3% was collected; and in 1978-79, 90.6% was estimated and 88.5% collected.

He explains his amendment would require, that to overestimate the current year's collection by projecting a figure no higher than 1% over previous year's collection of 88.5%, the City would be allowed 89.5% collection for that year.

In the original Budget Ordinance presented, they would have had to budget a little differently, but basically almost as to what is submitted. It would have knocked out 1.5 Million in the Ordinance before the Committee, fiscal year 1976-1977 was the largest deficit which Councilman Easton feels is due to overestimating.

He did hope, that by referring the Appropriation Ordinance to Committee, they ought to know whether or not to address a fiscal responsible way to submit a budget to the City.

Councilman Farmer states his problem in doing this at this point, is he feels it is in conflict with the Charter, although there may be merit in the concept. He cites Sections 6.17 to 6.25 of the City Charter, which provisions are set up in detail.

He is of the opinion they do not have the power, in acting on the Appropriation Ordinance to add provisions which gives complete discretion to the Mayor. In adding this, they are amending the power as set forth in the Charter.

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He feels Councilman Easton should submit his suggestion to the Charter Commission.

Councilman Easton is of the opinion if the suggestions are not submitted at this time, it will be too late for the next Budget submission.

Discussion ensues on Councilman Easton's proposed amendment, and it is voted on motion of Councilman Easton, seconded by Councilman Addison, that the amendment be put in Ordinance form and transmitted from the Committee to the City Council with recommendation of Adoption.

Councilman Farmer desires to be recorded as "Not Voting".

On motion of Councilman Addison, seconded by Councilmen Farmer and Paolino, it is voted to transmit the Appropriation Ordinance back to the City Council with recommendation of Passage a second time.

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

ADJOURNMENT: On motion of Councilman Addison, seconded by Councilman Easton, the Committee adjourns at 4:50 o'clock P.M.

Copied *[Signature]*

Rose M. Mendonca
Clerk

Compared *[Signature]*