

DEPARTMENT OF CITY CLERK
CITY HALL
JANUARY 28, 1997

The Committee on Finance meets this day in the Department of City Clerk, City Hall, at 5:00 o'clock p.m.

PRESENT: Chairwoman Nolan, Vice Chairman Rollins, Council President Fargnoli, Councilman Mancini-4.

ABSENT: Councilman Igliazzi-1.

Also present are Thomas Deller, Deputy Director, Planning & Development, Roosevelt Benton, Chairman, School Committee, Susan DeRita, Steven Woerner, Internal Auditor, Alex Prignano, Deputy Director of Finance, Barbara A. Poirier, Second Deputy City Clerk and Anna M. Stetson, Assistant Clerk.

Communication from His Honor the Mayor that pursuant to Sections 302 (b) and 701 of the Providence Home Rule Charter of 1980, he is this day reappointing Mr. Roosevelt Benton of 226 Gallatin Street, Providence, Rhode Island 02907, as a Member of the Providence School Board for a term to expire on the first Monday in January, 2000 and respectfully submits the same for approval.

CHAIRWOMAN NOLAN: Mr. Benton, would you like to come forward? Congratulations, and we are very glad to see you return to the School Board. I was getting a little nervous there. I think you are the glue that holds the group together. So tell us what's on the agenda for the School Board for next year.

MR. BENTON: I think what is on the agenda next year is for everyone at the State Legislature to appropriate education for the kids of the children of Providence is the responsibility of the entire state and that there needs to be state wide funding for the education rather than Providence taxpayers bearing the entire brunt of the education of the kids that we have in the City of Providence. I think that is high on the agenda and one of the key issues.

CHAIRWOMAN NOLAN: I think that is good because they hear a lot from our legislatures, but I think it makes a big difference when the people that are dealing with this on an every day basis come forward and testify to that. I am very glad to hear that in fact. Have you been involved at all in Crowley's commission on education?

MR. BENTON: No I haven't. I have been aware of it, but I haven't been involved in it. There are two other board members that are involved in that process. But I am aware of it, and am aware that they are trying to make educational funding more economical throughout the state. Again I think that

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because we haven't advocated it loudly, I think it is beginning to..I think the recent national survey on education, Rhode Island is saying the same thing. That it is the responsibility of the state to make that education more equitable. That it just isn't functional anymore for education to be funded by property taxes. You just can't do it. It has to be done statewide and educational funding has to be equitable throughout the state if you are going to have equal achievement and equal opportunity for kids.

CHAIRWOMAN NOLAN: I would like to commend you for all the years you have served on School Committee and the excellent job you have done.

COUNCIL PRESIDENT FARGNOLI: I just want to ask you how you felt about the reform movement within the school department and if you feel that it will continue.

MR. BENTON: Absolutely. I felt real good about it. There are some unknowns about reform that most people are not aware of. One of them is equity 2000 whereby all kids of high school level, and actually in middle schools take algebra because all of the courses have been eliminated, and that is true also in English courses. I have had the opportunity to go to different educational seminars where Providence's educational reform efforts have been lauded by equity 2000 and different national groups. People don't realize how much has been done. I feel good about it, and I think that Arthur Zarrella, who was a point person for that has decided to remain and I think it will increase. I also think that with the end of many of labor disputes, we can get on with the focus of reform, we can get on to creating a better educational system for the kids.

CHAIRWOMAN NOLAN: Do you think that reform will move along more quickly once the contract is in place, or will we still be at a stale-mate, and I am thinking in terms of site-based management and the evaluation of teachers, I know they are evaluating non-tenure teachers, but we could go up again and evaluate tenured teachers, so that is a big concern of mine. And working also in the reform area the last several years, I am frustrated as are people who are working there now. Do you see it moving along? To be honest in the new contract there's very little reform in it.

MR. BENTON: Based on what I read and what I hear, I think the teachers who really didn't believe it are believing now that we don't have the money to give them that they think they should have and it has to be a team effort if they are going to get what they need. I think everyone now understands that in order for everyone to get what they need, we have to do it together. I think we are moving

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into that direction based on what I have heard and what I hear, I think the teacher's union has finally begun to understand that there is no money, and if we are going to move forward, we have to do it together. Not necessarily this contract, but I think the teachers are on board now.

CHAIRWOMAN NOLAN: Since the teachers are going to be paid to attend PTO meetings, can we pay the parents to go? Can we give them a stipend?

COUNCILMAN MANCINI: I work for the State for Youth Services, and we probably send more kids to the South Providence Boys' Club, and if it has anything to do with kids, Rosie does it.

CHAIRWOMAN NOLAN: Yes, for those of you who don't know, he is very much involved with the non-violence effort. He is /*a partner with us.

On motion of Council President Fagnoli, seconded by Councilman Rollins, it is voted to approve the foregoing matter.

Communication from His Honor the Mayor that pursuant to Sections 302 (b) and 701 of the Providence Home Rule Charter of 1980, he is this day appointing Ms. Susan R. DeRita of 100 Isabella Avenue, Providence, Rhode Island, as a Member of the Providence School Board for a term to expire on the first Monday in January, 2000 and respectfully submits the same for approval. Ms. DeRita will be replacing Ms. Lisa Powers whose term has expired.

CHAIRWOMAN NOLAN: Can you tell us a little bit about yourself?

MRS. DERITA: I have three children who attend Kennedy School. I have been the President of the PTO there for three years. I have been on the school improvement team for three years, and I do a lot of community projects, and am involved in a lot of other groups that have to do with the safety and well being of children. I am very pro-reform minded. Through my work on the school improvement team I have gotten quite an education over the past few years.

CHAIRWOMAN NOLAN: How is it going?

MRS. DERITA: Very well. From what we started out with really not knowing what to do with it and not getting a lot of direction as to which way it was to go, I think we have accomplished quite a bit. We have been able to do some programs at Kennedy, we had the children involved in the school improvement team and the teachers have shown a great deal of support and they come to our PTO meetings without being asked.

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CHAIRWOMAN NOLAN: I was at the forum where all the school -----and you carried out your program very well. I don't have any other questions. Does anyone else have any questions?

COUNCIL PRESIDENT FARGNOLI: I can say a few things. I have watched this young lady in the neighborhood. This 14th district abuts the 5th ward and we share a playground. It's a very small playground, but I have seen this young lady planting bulbs in the playground. I have seen her patrolling the playground. I have seen her painting the graffiti to keep the building free of any graffiti. I have seen her in all aspects of neighborhood involvement. She is a parent who is there with the children constantly, in the school constantly. It's my idea of a perfect school board nominee.

CHAIRWOMAN NOLAN: We are pleased to have you because that particular area has been left out over the last few years as far as representation on the school board. So we are very pleased to have someone representation in that part of the city.

COUNCILMAN MANCINI: She has been involved in Kennedy School on all various committees. You name, she's done it. The interest of the children of the City of Providence is a foremost in her mind. I think that Susan will do an extremely good job. And Evelyn spoke of Fagnoli Park. She instrumented the firefighters to build the park and she has done a great job. I can't think of a better person to be on the job.

On motion of Councilman Mancini, seconded by Councilman Rollins, it is voted to approve the foregoing matter.

Communication from His Honor the Mayor that pursuant to Sections 302 (b) and 701 of the Providence Home Rule Charter of 1980, he is this day appointing Mr. S.K. "Chhem" Sip of 80 Pocasset Avenue, Providence, Rhode Island 02909, as a Member of the Providence School Board for a term to expire on the first Monday in January, 2000 and respectfully submits the same for approval. Mr. Sip will be replacing Ms. Bianca Gray whose term has expired. (Communication received January 16, 1997 from Mayor Cianci rescinding the appointment. Mr. Sip has accepted a position out of the country.)

On motion of Councilman Rollins, seconded by Councilman Mancini, it is voted to table the foregoing matter indefinitely.

Motion carries.

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**Communication dated January 15, 1997 from John F. Palmieri,
Director of the Department of Planning and Development regarding
the abatement of taxes for the property located at 300-302 Manton
Avenue AP 63 Lot 498.**

MR. DELLER: 300-302 Manton Avenue is a three story brick building. It has a ground floor with commercial space with 10 apartments above. This was a property that FDIC took over through the bank problems in the early part of the '90's and contacted the city in 1993 and said they were going to walk away from the property, and would be willing to give the city a deed to the property if they accepted it as is with all liens, conditions. But if we didn't accept it that way, they were just going to walk away and leave us with that problem. So we accepted the deed and started marketing the property. We have found a local businessman who is willing to buy the building for a dollar to renovate it, open up the ground floor commercial and reduce it from 10 units to 6 units, and has agreed to enter into a reverter clause that says if he sells the property anytime within the five year period, he will pay us any profit up to the amount of taxes that we are seeking to be abated at this point. Last time taxes were paid on this property was 1989 when the property owners walked away from it. By my staff's count, this is either \$11,000 or \$17,000 in taxes that are owed in taxes. If we don't get the taxes abated, basically what we are going to be seeing is a brick building that we are going to have to demolish and take down instead of having someone renovate it and putting it back on the tax rolls, we are going to be spending about \$24,000 taking it down and have another vacant lot. So we have come before the Council seeking this abatement under the provision that allows the Redevelopment Agency to seek abatement on any vacant property that has been condemned.

COUNCIL PRESIDENT FARGNOLI: Is this person that is interested in purchasing the buildings going to be one of these vacant landlords.

MR. DELLER: He is local. He actually lives in upper South Providence, he has been working on a number of properties around the city. He has been helping people in the South Providence neighborhood buy houses and fix them and help them move in. He himself will be owning this. He will be absentee in that he will not be living in that building. He lives in Upper South Providence.

COUNCIL PRESIDENT FARGNOLI: Is he reputable?

MR. DELLER: Yes. Dr. Onasanya. He has worked with the minority community to help them move along. We have right now, and probably with his help, gotten 11 minority families ownership in the last year.

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CHAIRWOMAN NOLAN: And his properties are well maintained.

MR. DELLER: They are well maintained. This is the first one he is doing as a rental. Everything else he has worked with people who buy and move in and fix. We have had all sorts of groups look at this building over the three years since FDIC walked from it, and this is the first real bite that we have had and we feel comfortable with. It has gone through the Redevelopment Agency, and they have designated Dr. Onasanya as a developer. At this point, we just need this abatement before we can start this project moving.

COUNCIL PRESIDENT FARGNOLI: What would it take to re-hab a building of that type. With six rental units, what are we talking about?

MR. DELLER: The building virtually needs all new windows, all new plumbing, all new heating, all new electric. When a building sits vacant like this, copper gets stripped up and he recognizes this. I would guess that he is probably going to be spending between \$100,000 and \$130,000 to get this one back on line. He is going to bring it down from 10 units to 6 units. This is the 15th ward.

On motion of Councilman Rollins, seconded by Councilman Mancini, it is voted to approve the foregoing matter.

Revenue Analysis - City of Providence - Fiscal Year Ending June 30, 1997.

MR. PRIGNANO: This is basically the report that we give each month to the Review Commission and we meet this month on the 30th and I wanted to make sure the Finance Committee got it before they did. I have included some footnotes that explains some of the variances that are on the report. We can talk about any of them if you want. Basically this report is a straight line type of approach and it doesn't always...the one thing that I don't like about it is it gives you a variance of where you are at the moment but doesn't project out to where you might be June 30th. If you look at some of the line items, you might look at something like heat, light and power, it doesn't look like we are in pretty good shape, but that may be reflecting payments until October. So you usually have to dig into this report a little bit more than just looking at the straight numbers to know where the city actually is. We can talk about the report, I can give you some highlights about where we are.

CHAIRWOMAN NOLAN: Do you want to just briefly touch on overtime and call back pay for the fire and police departments?

MR. PRIGNANO: The fire department we have known that this problem has existed for the last couple of budget cycles when we took 150 people out of the budget a couple of years ago, when we had a large number of retirees we didn't change the minimum manning, we haven't been able to change that, that's still at 98, so we are filling positions with call back and overspending that call back line item. We overspent that line item by about \$1.9 million last year, and we are the pace to do the same this year. We are going to do \$1.9 million \$2 million over in call back. Now, hopefully, I understand that the fire study has recently come out with some discussion that we can do. Some consolidation that might be possible to help that problem, if not, then in the near future, maybe next year's budget. That's the problem in the call back. Two or three years in a row we had a \$2 million dollar problem there and had to go make it up. As a matter of fact when we put the budget in last year we knew we would have that problem, but because we didn't try to budget that at the \$3 million dollars that we needed, we told you that we would worry about that somehow, either getting the minimum changed, or battle throughout the budget and find a way to balance the budget, even with that problem there.

On the police side, in years past they have also had problems with the minimum manning. He's running in pretty good shape right now actually, considering if you look at his budget and the balance available it should be roughly 51.92 percent and he actually has more than that available, so that reflects the shortages that he has in the police department right now and the school that is now going to come on will eventually fill those, so he has been forced to probably use some call back and overtime to make up those positions. But overall his salary account is in pretty good shape. He is probably within \$100,000 to \$200,000 of budget projected but my projection for within the year, which is well for that size and for the many variances that happen in the police department budget during the year. It's in the best shape that it's been in in a while.

Those are the two major areas, and if there is anything else, taxes, you can see the footnote that I put in there on taxes and if you look at the front page you will see the large shortfall through December. What's basically happening this year is all the mortgages company, etc., seem to have gone to the, there was recently federal law changes that allow the escrow companies to pay it all quarterly. In the past, this is the first year that we are really seeing it come to fruition, where everyone is paying quarterly. We have checked what was left to come in from banks, escrows, and what we usually have in at this time of the year,

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and just recently and it was in that \$8 million dollar area, so we believe that is what that shortfall is. We used to collect almost 40 percent of our levy in July and August, but that is not happening anymore, and next year when we do projections and stuff like that we will take that into consideration, as far as interest income, tax flow and the rest of it, but this is the first year we are really seeing it. Last year there were a few companies doing it, but everyone is going through it this year.

CHAIRWOMAN NOLAN: You don't see it as a problem?

MR. PRIGNANO: We will know a little bit more at the end of the third quarters, when I look at these numbers for February and March that number should be like \$4 million dollars. If it's still \$8 million dollars, then I will be nervous, but I expect it to be in the \$4 million dollar area, and then by the end of the year pretty much made up.

COUNCIL PRESIDENT FARGNOLI: Do you feel that we are staying close to the budget?

MR. PRIGNANO: As I said this report is a little bit high. We have some positive and negatives in the budget. I jotted some of them down before I came over. Obviously call backs, salaries there are a problem, basically because of the call back and the fire department. Another area we have some problems in is the energy area is gasoline, electricity, oil, and they are all higher than expected. I expect we will overspend those accounts in the area of \$400,000 to \$500,000 dollars, a combination of all those. Heat, light and power accounts by the end of the year. The Gorton Avenue fire, which has used up all our demolition money and more. We had fire studies that weren't budgeted.

CHAIRWOMAN NOLAN: How are they doing it though because I had a house on fire on Adelaide Avenue and they demolished the building. Where are they getting the money to do this?

MR. PRIGNANO: Basically we have just overspent that line item, and we will make it up in other areas. We have some positives also. We have structured our self insurance health care fund. I believe we have an additional million dollars in there that we will be able to use this year. The PILOT money I have checked with the State of Rhode Island because of the tax increase last year, and also the growth in the tax exempts. We are expecting \$1.3 million additional in PILOT money, and I have checked with the Department of Administration, and they are only budgeting a \$600,000 increase, so that is something that our legislators and

this council and the Mayor's office is going to have to fight and get the \$1.3 million that we should get.

CHAIRWOMAN NOLAN: Are we supposed to get \$1.3 million and we are only getting \$600,000?

MR. PRIGNANO: Yes, based on the report that the Assessor sent in to the Department of Administration. We thought that we would get \$1.3 million increase in PILOT, and so I called the Department of Administration to see what they are looking at budgeting next year for us. Remember they will budget it next year and we will accrue it back as a revenue. It looks only about a \$600,000 increase. So it's still \$600,000 that we don't have budgeted which would be nice, but I would like to see the \$1.3, and we are going to have to fight for that. Then hopefully snow this year, which was such a problem last year. That may be positive variance for us now. We are almost into February and we have really 4-6 really hard weeks left. We hope that we will do better in our taxes collections than budgeted. Right now it's a little bit early to tell. Then you have what is going to happen with the School Department raises. Will they be able to budget that amount. There are some outstanding issues that we don't know yet. Certainly right now Boyce and I are still looking at a balanced budget for next year. There are positives and negatives in there and we will keep you abreast either monthly or quarterly, whatever your preference is on where we stand.

We used to budget fines at \$2.8 to \$2.9 a year the last few years and we have fallen short and we went into many different reasons. The universal ticket. We are no longer able to issue our own tickets. That type of stuff. We brought the budget down a little bit this year. When you see it it is right in line with what we actually collected last year. We actually collected \$2,662,000. So when we put the budget in May, we were pretty close to what eventually ended up coming in. That is one area the Colonel is paying closer attention to as far as police officers writing tickets later at night for cars that are illegally parked and stuff like that. I know he comes in all the time and talks to you about those nuisance type crimes like noise and illegal parking. He is really on top of that. They are writing more tickets than they have before in at least the control area and the police area. The parking meters and stuff are still the same as they have been. We have some solutions for that, but we will see what happens there.

COUNCIL PRESIDENT FARGNOLI: Your overtime seems quite high in every department. Not only police and public safety. Even the finance department has overtime.

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MR. PRIGNANO: There are two areas of overtime in the Finance Department. Basically the Collector's and Assessor's. The Collector's office uses a lot of their overtime in the first quarter of the year when there is a heavy volume of. Then there's not much spent in the area until the end of the year where the Assessor's will be working on the tax role, then you will see a lot of overtime in May and June in that area. So that's an area that you can't look at straightlined.

COUNCIL PRESIDENT FARGNOLI: Do you budget for overtime?

MR. PRIGNANO: In Collector's and Assessor's, yes we do.

COUNCIL PRESIDENT FARGNOLI: How much do you put into the snow removal budget?

MR. PRIGNANO: I think it's \$200,000 plus.

COUNCIL PRESIDENT FARGNOLI: What you have gotten in overtime so far is \$259,500.

MR. WOERNER: No, that's the budget. And they have spent \$54,000.

MR. PRIGNANO: So if you look at that across, you should have 52 percent of the budget left, we have 80 percent of the budget left. So that's an area that we running very positive. In July, August and September you spend very little overtime there, and you would be expecting to spend that now. This is only through December. You don't have that much snow through December. Some of that obviously will go. That's what I mean, this is a report that if you look at just the numbers, often times an explanation needed because it's a straight line type of report that they receive. Like Recreation is seasonal. If you look at this, the whole Recreation budget is always, because we spend it all in July, August and September, it always looks like the Recreation Department is going to overspend, but in fact, when the summer programs end, it dies down, and by year end it becomes pretty much in line.

COUNCIL PRESIDENT FARGNOLI: Are you going to make the same presentation to the Review Commission?

MR. PRIGNANO: Pretty much.

MR. WOERNER: This is a format that they set up a long time ago.

MR. PRIGNANO: It requires expedition. For example if you look at a payroll account, ..we all know that longevity is paid at the end of the year, so if you look at a department that has a lot of longevity pay in there, it still all sits in these balance available numbers, we know it is going to be spent, so it makes a department look a little better than they are. There are some negatives and positives, depending with what happens with contracts, etc. We could use the

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mall permits. I am counting on getting those mall permits. If something happens where those don't come in, which I don't expect that to happen, that will create some problems for us. But it is going to be a typical budget, if we run a surplus, it will certainly be a large surplus.

COUNCILMAN MANCINI: My biggest concern is what is going to happen in arbitration. East Providence firefighters got 3 percent. Other benefits, longevity. Usually what happens is that if one community get it....

CHAIRWOMAN NOLAN: That's what I was wondering, since they have settled theirs, where are we in the order of being heard, or are we....

MR. WOERNER: George Farrell told the group on Wednesday that he's got an arbitration planning session on the 12th of February. They postponed it for a while and they may have a hearing on the 20th of February or something like that.

COUNCIL PRESIDENT FARGNOLI: When you receive the School Department contract, will you be able to give us a report on what the fiscal impact will be?

MR. PRIGNANO: The contracts came down today, I believe.

CHAIRWOMAN NOLAN: No it didn't. It's not a full contract, just the changes.

MR. PRIGNANO: That's correct.

COUNCIL PRESIDENT FARGNOLI: Do you have a copy of it?

MR. PRIGNANO: I got just what you got. I spoke with Mark Dunham today about the fiscal note and we're going to get together and view it with him to make sure that we feel...it is the responsibility of the Finance Director.

CHAIRWOMAN NOLAN: Make sure he knows that we need the full contract, we don't want to have to send it back off the council floor.

MR. PRIGNANO: I will call him tomorrow and tell him to send the full contracts out. The fiscal note will be covered. He just wanted to make sure because there is that lag time where you guys need to get it on your docket and he wanted to get it down here so it could get on the docket, and then he figured he would send the fiscal note down. We did basically the same thing the other day with the 1033 contract. We got it on the docket and I gave Mike the fiscal note the next day.

CHAIRWOMAN NOLAN: The 1033 we are going to take up next week. Are you going to be here?

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MR. PRIGNANO: February 3. I will be here and we will talk about what the fiscal note, what the costs are. I know that people want to talk about the assumptions we made on the meter checkers and some of the other things.

CHAIRWOMAN NOLAN: Kelly Sheridan can't be here so we may have to continue it to the following week.

**AN ORDINANCE IN AMENDMENT OF ARTICLE VIII OF THE
CODE OF ORDINANCES, ENTITLED "TAX STABILIZATION"**

MS. MCLAUGHLIN: These are now extended to residential. This was in last year's part of the package with the arts district, but it isn't limited to the arts district. It can be anywhere in the city where property used to be commercial or industrial or manufacturing. Any of those could be switched to residential to receive a tax credit.

CHAIRWOMAN NOLAN: So this doesn't only refer to downtown.

MS. MCLAUGHLIN: No, it's the whole city. This would allow you to take those buildings...what we have found is quite a bit of a cost in re-hab and a conversion. That's one of the things that John can speak to you because he is involved with the Smith and Alice buildings and what they are finding is that most of the buildings in downcity...obviously when you go from something from commercial use to residential, the fire code needs to be upgraded, especially because some of these buildings go above six floors..and many times you find they don't have the second egress which is necessary on the residential. When you build an outside staircase on one of these buildings, even if you follow the already existing fire escape, you are still looking at a pretty substantial sum of money. So the idea here was if the biggest tax break was in the first year of all tax treaty's, the 90, 80, 70, 60, so the 90 would be in the year they would have the biggest cost of rehab. So that was the rationale behind this. Because we always felt that maybe the artist ---can provide tenants that want to live here, only the housing would be at such crazy prices, you wouldn't be able to afford them. This was the idea that the property owner could take what they were spending on tax dollars, and put it right back into the building, now put the building all into use, as opposed to what we are currently seeing downtown or the Olneyville area where a lot of the upper floors are under utilized and now put it into residential space. We have been working the buildings, and they are gorgeous. We are talking high ceilings, beautiful windows, brick walls, tile floors.

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CHAIRWOMAN NOLAN: City Arts has an old factory building they are renovating and it will eventually have artists lofts, will they eventually qualify even though they are a non-profit organization?

MS. MCLAUGHLIN: Oh yes, it's whoever owns the building.

MR. WOERNER: Non profit's are not exempt from property taxes.

MS. MCLAUGHLIN: If they took a building that was formerly something else, and they made it residential....

CHAIRWOMAN NOLAN: It will be partially residential.

MS. MCLAUGHLIN: That's something you will have to discuss. That's what you are going to find in some of the buildings downtown. There will be three floors out of six. Again, this is going to be on a case by case basis. They are going to come by resolution the same way that they did with the other one. This draft may not say this. We may have to put that in orally right now. But to do it by resolution again is nice so that you can get it out quickly. That should be added. Right now it would be by Ordinance.

CHAIRWOMAN NOLAN: You mean it will be a resolution for each individual property. It will be on this Ordinance?

MS. MCLAUGHLIN: This ordinance will change what's currently on the books which is only for industrial/commercial. So they will expand it.

CHAIRWOMAN NOLAN: That's what I am saying, that will have to be added.

MS. MCLAUGHLIN: That will have to be added. This is the current code of ordinances, and all this does is it puts the bold...where it says commercial/industrial, now it says that if the residential property was formerly commercial/industrial and it goes to residential, then it will be allowed to be part of the tax treaty. Up to now you could not do residential as part of the tax treaty.

CHAIRWOMAN NOLAN: What do you want us to do with this tonight seeing that it is not in it's proper form.

MS. MCLAUGHLIN: There is only one sentence missing. The only changes are very small. The things in bold are the only things that are being changed. Everything that you have in the ordinance that you have in the books is exactly the same.

CHAIRWOMAN NOLAN: Under section (b) eligible property, it says the provisions of this article shall apply.... and

MS. MCLAUGHLIN: I just did this to show you what we are taking out rather than just taking out. We are deleting the word "not" and saying "if said

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residential use has been converted from a commercial or industrial use". I bolded it, I thought it would be more apparent. See where the City Assessor shall determine the increase in the assessed value..currently this ordinance reads commercial property, we would be deleting "commercial" because now it can be any property. There is very little change on the current ordinance. It is going to run just the way the tax treaty is run. If you put this in on a case by case resolution, that is going to change the way you do all of them. That's why I wanted to bring it up to you. Currently when you pass a tax treaty, you do it by Ordinance. Now you can do it just on residential, or you can do all of them. That's one thing I need to discuss with you. When we did Laurel Mead we did it through ordinance. The only thing with ordinance, it is time consuming. It's two passages. That's why we discussed that on the computer tax. If you want to pass an ordinance which allows it to happen, then allow the actual approval by resolution, it would be a lot quicker.

CHAIRWOMAN NOLAN: Refresh my memory. What did we do on the computer one?

MS. MCLAUGHLIN: We did it case by case by resolution. So if you want to make it more consistent.

CHAIRWOMAN NOLAN: So the ordinance will be on the books and case by case we will do resolution.

COUNCILMAN ALLEN: If someone was to by a building in the City of Providence that was closed down as an manufacturing building received HUD Section 8 monies to re-hab it, these people would be eligible for this kind of stabilization, based on this document.

MS. MCLAUGHLIN: Remember this is case by case. If you see that they are receiving a lot of federal or state money, the city may determine on a case by case basis that you don't want to do this kind of re-hab. But a lot of the buildings aren't entitled to 108 funding, so this may be a way to do it.

CHAIRWOMAN NOLAN: Why are they not entitled to 108 funding?

COUNCILMAN ALLEN: These are the big developers in the city and we don't know who they are. The people that are doing the Section 108. There are some of these people who are marked. They are getting all kinds of credits. I don't have a problem with it....but I have a problem with it when you can give it to these folks who...

MS. MCLAUGHLIN: That's why it's a case by case and not a blanket. We had some requests to do it blanket...this still hasn't come back into the council

doing it case by case, and that would give you reason to deny it, if you feel that there are too many public funds for these people. For some of these it is not that way. Especially the arts district concept, they will not be entitled to different kinds of funding. This may be the only way they can get funding.

COUNCILMAN ALLEN: I don't have any problem with this going to downtown. Matter of fact, I would even like to have this for downtown. I think when you start to broaden it, and we all know who the insiders are, and they are going to take advantage of this....

MS. MCLAUGHLIN: Unless you put in here on a case by case situation, for other public funds. I think that in order to downtown, when we started to draft this a few years ago, we said that there are parts of the city that can benefit from this as strongly as downtown, because there are some vacant, manufacturing properties in a lot of the areas in the city, and if they can make that residential, why shouldn't they do it and let the city take advantage of it. But you can put a sentence in here that says that in determining it case by case, it shall be a factor to consider the amount of public funding has as a whole.

CHAIRWOMAN NOLAN: I think it is critical for the neighborhoods, because they will jump on this bandwagon so fast we won't even....

MS. MCLAUGHLIN: Rather than limit what could be some potential good projects in other parts of the city, you could limit it by looking at the public funding.

CHAIRWOMAN NOLAN: I wouldn't want to take it away from other parts of the city, particularly the Gorham factory. Not that that is planned for residential use, but you never know.

MS. MCLAUGHLIN: That's the thing, you do never know. Who would have thought 10 years ago that the downtown would be residential. You never know what area is going to take off with residential living. We are finding very fast demand for the downtown. We have a waiting list for housing that is not even under construction. These people want to come to Providence from out of state, and if they come from ----they are going to want the housing.

COUNCILMAN ALLEN: Just for the record, I would just be much more comfortable if this was targeted for the downtown area so that the big insiders don't get the opportunity to create a stabilization plan for their projects that

CHAIRWOMAN NOLAN: I wouldn't want to have it just for downtown because they ...our problem is they come in and they take...when they are looking to do Section 8 housing many times, and I have a case at the Steere House, when

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they were going to do 90 units of SRO HUD Housing, that's a very large building, and this would give them carte blanche to do this. I think that we could have the resolution say that all other funding taken into consideration, and we can put in that if there are any other public funds.

MS. MCLAUGHLIN: The amount of public funds would be a factor in determining whether or not an approval would be given. Realistically, when this goes in by case by case, you are not really limited to anything. This project as a whole, whether it's a good project. If we are foregoing funding on all different levels, federal, state, city or what have you, then you may not want to put this kind of stamp on it. But if it's a project where they can't get some other kind of funding, or maybe they can get some other kind of funding and you are okay with that, you should be able to look at

CHAIRWOMAN NOLAN: Aren't your guidelines for getting, number one, Federal tax credits, can that be looked at to see if we can make it a little stronger statement?

MS. MCLAUGHLIN: We can't touch the federal government, and we can't do the State, we can only control ourselves. But you can agree not to piggyback on, according to what you are saying, on top of getting something like that, you can get something like this, you can control that by stopping this. I don't know if you want to limit it to the neighborhoods.

COUNCILMAN ALLEN: I would rather keep it downtown, because I know what is going to happen, once this thing is on the books and the people read this, they are going to say, I can get a tax stabilization plan, I can get Section 8 dollars, I can get HUD money to build, I can get, I would not put this on the floor. I think it should be downtown, to try to bring that element down there. I don't have any problem with that, but I don't want to open it up to the neighborhoods.

MS. MCLAUGHLIN: I just figured with the control of it on a case by case basis.

CHAIRWOMAN NOLAN: I am thinking of just one building in the neighborhood and they struggle just to rehabilitate the building as it is, and this would enable them and give them a little break when they put the artists lofts in there, which they are going to do.

MS. MCLAUGHLIN: It doesn't have to be just artists, it could be anybody that's in the housing. That's why we drafted it this way. I don't think there is anything wrong or conflicts with the statute to say the council shall factor in the

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amount of public funding on the project, but not limited to the amount of public funding on a project. Just so people understand coming in if they have public funding, not to expect it. For example, City Arts, they may get some funding from some sort, but that you wouldn't want to limit. You don't want to say that public funds are prohibited either.

CHAIRWOMAN NOLAN: I am talking off the top of my head, I didn't even know if those artists are going to live there or if it's going to be a place where they work. I don't know the answer to that.

MS. MCLAUGHLIN: For example, you have a lot of manufacturing throughout the state.

COUNCIL PRESIDENT FARGNOLI: You wouldn't want to take it away from the neighborhoods if there were a factory building or something that has been abandoned or it's not used anymore, and someone wanted to convert it to apartments or residences, they would be eligible under this tax stabilization if they renovate the property and make apartments out of it. I can think of some in the 13th ward, in Olneyville, on Hartford Avenue. Even the neighborhood schools.

MS. MCLAUGHLIN: If you were going to have this work, you couldn't leave it so that they were all down here and the property owners are going to have to keep the current tax and put the re-hab costs in....the re-hab costs are very costly in terms of buyer and building issues, so this free up some capital.

JOHN KELLY: We own the Smith Building, which is Luke's right outside. We have owned that building for almost two years now. I represent Smith King partners, we are the owners of the building. Coalition for Community Development, which is one of the owners of the building. We bought the building because we wanted to make sure that it stayed on the tax roles. That's one of our goals is to keep these buildings back downtown, but keep them on the tax roles, because you have to grow the tax base. You don't want to keep taking buildings off the tax roles. As we started getting into the buildings, one of the biggest expenses we are experiencing is the life safety issues, which you have to do it, and it is still expensive, and the problem is that all these buildings downtown, and the neighborhoods as well, they were never built to be lived in. The buildings are good structural buildings, they are strong, but they were never expected to be lived in, so the expense to reverting them to the residential use are much higher. We are spending \$40.00 a square foot just on the Smith building. That's putting in 36 units, and they are going to be one room apartments. You will have a galley kitchen, you will have a bathroom and open space. They are not luxury

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apartments, but they are going to be very expensive to build. The demand that we have had, we could fill that building tomorrow. We just got commitment letters from Fleet and Hospital Trust to finance the construction working with the agency, but one of the things that they came out and said throughout the whole process is the one element they weren't concerned about was the demand for these apartments. The demand is incredible. From our standpoint, the only way you are going to see those upper stories ever used downtown is if they become some type of residential use. In the Smith building we are going to be ranging from between \$550.00 and \$900.00, with three quarters of them being between \$550.00 and \$650.00. Our goal is to keep them low. We want to get people down there who are working in the city or who are looking to work in the city, we would love to get artists, younger tenants, and we think we will, and the reason we will is because URI won't move there. It's too much of being a pioneer. We will wait 5 to 10 years when it is really nice and then say okay, I'll move down there. The younger people are really the ones who going to come in and really inhabit those buildings, so we have to keep the rents low enough in order for them to live there. One of the things that you are seeing is,the fact that these buildings are empty is nothing new. They have been empty for years and the owners have owned them for years, and for one reason or another they haven't been able to afford to do them, so what we are trying to do with the Smith Building and Alice and the Peerless Building is basically show them the way. Our goal is the Smith Building, they are all historic structures, you get some historic tax credits at the federal level, which we will be getting, and what that requires is they be rental units for the first five years. We are going to try and set it up so that the people who live there have options to buy. There are goals to home ownership programs as well. I don't know if they would be condominiums, we have talked about a cooperative. The whole goal is then they own the neighborhood, the streets and are more concerned about what is going on rather than just renting.

CHAIRWOMAN NOLAN: One of the hardships is in order to go shopping, they have to get in their car and find a grocery store. Will any of that be taken care of.

MS. MCLAUGHLIN: That will be the next phase. You will be making a neighborhood.

COUNCIL PRESIDENT FARGNOLI: How about parking?

MR. KELLY: In the first building most people probably won't have cars. After that we are going to have to get into a situation where we are going to have

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to rent garage space. We have to build a garage, and we have talked to the city before and we haven't come to the council yet, but we will at some point, and ask for them to consider some type of overnight or district parking. It works in Boston. We say overnight, not 24 hours a day. After 6:00 and they would have to be out by 8:00.

CHAIRWOMAN NOLAN: That runs into problems where it might flow into the neighborhoods, and some of these absentee landlords would just love to have overnight parking.

MR. KELLY: It comes down to an enforcement issue. It would have to be on a street by street basis.

COUNCILMAN ROLLINS: How about something like they did over at the Hot Club where they have parking on the first floor.

MR. KELLY: That is a possibility. This last remaining infrastructure issue in downtown is parking.

CHAIRWOMAN NOLAN: Recently Councilwoman Williams tried to sponsor an on street parking bill for her neighborhood, and it just went nowhere. I was opposed to it from an absentee landlord standpoint, and I lived on opposite sides of the street. Parking in New York, there is nothing more fun than getting up in midnight and running out to park your car on the other side of the street, circling the block 20 times to find a place to park. So I don't think those systems work. The one in Boston that you are talking about with the stickers, I think we looked at that andlet's table the parking issue.

COUNCIL PRESIDENT FARGNOLI: With the tax treaty, what is the limit?

MS. MCLAUGHLIN: Ten years.

COUNCIL PRESIDENT FARGNOLI: After ten years you would have to pay taxes.

MS. MCLAUGHLIN: After ten years you will be on the tax roles.

COUNCIL PRESIDENT FARGNOLI: And if the building is sold, the tax treaty stays with the building?

MS. MCLAUGHLIN: The tax treaty stays with the building not the person.

COUNCIL PRESIDENT FARGNOLI: And you are going to add the clause about each person.

MS. MCLAUGHLIN: If you want to do it by resolution that seems to work well. We can do that with this. The assessor will look at each one when it comes in, and he will present the package and explain how the assessments were done.

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That will be handled the same way. The beauty of this is that the statute is written in such that it just amends what was there.

COUNCILMAN MANCINI: It is obvious that there are a lot of commercial and industrial properties in the City that have been vacant for years and they are never going to be commercial and they are never going to be industrial anymore. I think this is an opportunity for us to do something with them. You have to give an incentive for someone to come and do that.

On motion of Councilman Mancini, seconded by Council President Fagnoli, it is voted to approve the foregoing matter, as amended, by adding .."the approval shall be by resolution, and the City Council shall factor in not be limited to the amount of public funding..."

COUNCILMAN ALLEN: I have problems with it Madame Chair.

CHAIRWOMAN NOLAN: If you had a Section 8 housing project and they came in and asked for this, do you feel comfortable that if you were opposed to it and you came before the Finance Committee we would take what you feel into consideration and probably not give it.

COUNCILMAN ALLEN: I am comfortable with that, I am not comfortable with the language. Our intentions are good, but there are sharks here, and as soon as they come in, they are going to see this opportunity. What this does in my mind is allow them to do what they were going to do anyhow and in addition to that, not pay any taxes. I think that is wrong. I think it's a great idea for the people downtown.

COUNCIL PRESIDENT FARGNOLI: What makes you think that the people in the neighborhood will get HUD?

COUNCILMAN ALLEN: That's the only way they can afford the building.

MS. MCLAUGHLIN: Because it is an Ordinance, if you do start seeing that kind of abuse, you could easily amend it. The statute will ----allow you to do that, so if it becomes to be abused, and you come to see that, it can be amended to address that.

COUNCILMAN ALLEN: If that is the case, why don't we make it for who we intended it for, downtown, and then if we need to....

COUNCILMAN MANCINI: If someone like American Tourister is qualified for Section 8, rather than let that building stay there and be vacant and never pay taxes, I don't see the harm.

COUNCILMAN ALLEN: I think the issue is if they can put together the package for Section 8, they will get millions of dollars, and if you talk to

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somebody who gets Section 8, they go because it is a ton of money. This doesn't mean anything to them other than this being a way of getting additional money, and I don't think we should put another burden on the taxpayers.

COUNCIL PRESIDENT FARGNOLI: Does that phrase about public funds, does that cover this type of situation?

MS. MCLAUGHLIN: It's not going to prohibit it. I don't think you want to prohibit it. If you said any owner who came in here with public funds could not be considered for tax stabilization, you couldn't do that. So you don't want to say no public funding, you just want to be able to factor in your decision. You don't even need that language in the bill to make that decision. Legally you don't have to have it. You can put it in and make it a statement, but legally you can factor in anything you want. It's a case by case consideration. I don't think you can put in language that says that public funding is going to prohibit you from tax stabilization. You are going to need something like this.

CHAIRWOMAN NOLAN: We have a motion on the table to pass an ordinance in amendment of Article VII of the Code of Ordinances entitled "Tax Stabilization", with two amendments, one concerning a case by case basis and the other concerning public funding that the City Council shall factor into their consideration the amount of public funding you can use, but not be limited to that.

Motion carries.

ADJOURNMENT: On motion of Councilman Rollins, seconded by Council President Fagnoli, it is voted to adjourn the meeting at 6:40 o'clock p.m.


SECOND DEPUTY CITY CLERK


ASSISTANT CLERK