

DEPARTMENT OF CITY CLERK

CITY HALL

MARCH 5, 1985

The Committee on Finance meets this day at 4:30 o'clock P.M. in Committee Room "A", City Hall.

PRESENT: Chairwoman Brassil, Councilwoman Fagnoli and Councilman Easton. (Rose M. Mendonca, Clerk and Joanne DeFusco, Assistant Clerk).

Also present are Mayor Joseph R. Paolino, Jr., Vincent Pallozzi, Director of Administration, Stephen J. O'Rourke, Director of Implementation, and Finance Director Jerome I. Baron. Councilman Andrew J. Annaldo is also present.

RESOLUTION AUTHORIZING HIS HONOR THE MAYOR TO ENTER INTO AN AGREEMENT ON BEHALF OF THE CITY OF PROVIDENCE WITH THE STATE OF RHODE ISLAND REGARDING MEMORIAL BOULEVARD EXTENSION PROJECT.

Chairwoman Brassil states that she was under the impression that the foregoing Resolution was on this day's agenda for discussion only.

She states that since the Mayor is present, she will allow him to make his presentation before the Resolution is discussed by the members.

Mayor Paolino thanks Chairwoman Brassil and states that he is sure this Committee is well aware that he has been a big advocate and supporter of the River Relocation Project. In talking to major developers throughout the country, people interested in investing in the City of Providence, the River Relocation really is a stimulus for new interest, according to conversations he has had with his Department of Planning and Development over the last few months.

There has been some concern about how this money to help relocate the rivers will be paid, and what kind of schedule the administration has to put it together, as well as when it will happen.

He wishes to give the Members of this Committee some background. The City of Providence owns a piece of land in the Capitol Center area, and that land has been valued at approximately two million dollars. That land would be turned over to the State of Rhode Island as payment, for example, for 1985.

With the River Relocation, the 95 Interchange will come into Memorial Square in downtown Providence. They talk about moving the monument. The Mayor states he has been against moving the monument,

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because he feels they could work around it. That would involve a possible savings of one and one-half million dollars which, he states, cannot really be counted for financing the Project.

If the monument is kept there, they will hopefully be able to save additional monies eventually. He states that the River Relocation is very important in making the Interchange work.

He states that because of the River Relocation, there is a piece of land that would be freed, called the Triangle, and is next to the Post Office, in between the train station. That land is valued at one million dollars. The State would own half of it and the City of Providence would own the other half. That is another half-million dollar contribution that is also one-half million dollars in equity.

Thirdly, something that nobody realizes, is that the City of Providence, under contractual agreement, has an obligation of about 1.6 million dollars to two million dollars to award a place which is part of the Capitol Center area. Not only do they have to build it, but the City of Providence has to maintain it forever.

Part of the agreement he has made with State officials is that they take over the obligation of building Water Place, and they take over the maintenance of Water Place.

He states that is a great savings for the City. If they do not have the River Relocation, the City can expect to go for close to two million dollars, plus they have to maintain it on a yearly basis.

Mayor Paolino asks where they are going to get 3.9 million dollars in cash. He states that really, it is not 3.9 million dollars, that it is really, maybe, two million dollars. If they do not have to pay that 3.9 million dollars, two million dollars has to go to Water Place.

Mayor Paolino states the City of Providence, some years ago, applied for and received a U.D.A.G. grant through the Fleet National Bank. That U.D.A.G. grant is given to the City of Providence and loaned to the developer. Once it is loaned, that developer pays the City back. That money, under Federal regulations, has to be used for economic development purposes and for physical development.

What he is proposing to this Committee today, after he has been on the phone with H.U.D. most of the day and they have been talking to bankers, is using the repayment of that U.D.A.G. money back to

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the City of Providence towards the River Relocation.

Chairwoman Brassil questions as to the amount of that U.D.A.G. grant.

Mayor Paolino responds that the U.D.A.G. was seven million dollars, and what he wishes to do is use 3.9 million dollars of that for the River Relocation.

They are in conversation with banks now as to how they are going to work out the mechanisms for this. This is the perfect opportunity and it is really why U.D.A.G.'s are very helpful to cities that have been proposed to be eliminated in this new Federal budget. Because U.D.A.G.'s are a grant to the City, you loan it, receive it back and use it for economic development purposes. It is an ideal way for them to be able to use the money to be able to have the River Relocation and be able to use the U.D.A.G.

Chairwoman Brassil questions relative to the financing of that seven million dollars that has to be paid back to the City of Providence, and when do their payments start.

Mayor Paolino states that he believes it is next year that they start their payments.

Chairwoman Brassil questions as to how the payment schedule is broken down.

Mayor Paolino states that for two years, they will be paying the City of Providence \$405,000, and then for twenty-six years after that, they will be paying \$620,000. What they will do is work out an arrangement with the Bank so that they can finance the Rivers through those payments.

Chairwoman Brassil questions whether that money has been earmarked for anything else.

Mayor Paolino states that it has not.

Council President Easton states that he believes that when the U.D.A.G. was originally approved, that there was a provision added into the Ordinance by this Council to specify that the repayments could be used for neighborhoods.

Mayor Paolino states that he does not remember that at all, and he worked on that Committee with Council President Easton.

Mr. O'Rourke states that there is a provision under the H.U.D. agreement clause that ^{has} to do with the money being eligible for economic or community development activities, and H.U.D. sets up whatever type of program it can go to.

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Council President Easton states that when they approved the plan, he thinks they added something, or discussed added something, more restrictive. He states it is something that should be checked.

Mayor Paolino states that he will have his development and legal staff look at that and if that is the case, they can probably offer an amendment to that Ordinance. He feels this is an ideal way for them to use the Federal monies for projects within the City of Providence. It does not affect their budget one bit, and does not affect the local taxpayers of the City of Providence through normal property taxes. It is a good way of using Uncle Sam's money like a "round robin," for the people of the City of Providence.

Councilwoman Fagnoli questions if it is proper for this money to be used for the City itself, or should it not be used for private investment.

Mayor Paolino states he does not understand the question.

Councilwoman Fagnoli states that Fleet National Bank is a private investor and eligible for the U.D.A.G. grant. She questions whether the City can use this money for its own purpose, rather than for a private enterprise.

Mr. O'Rourke states that they can use it for economic development activities that they would fund so that the City could use this for its own body as its share. It is only a portion of the funding.

Mr. O'Rourke states that of a seven million dollar U.D.A.G. with interest, you are getting more than 100% return on that. It is close to twenty million dollars the City will receive over a period.

Mayor Paolino states that the agreement he worked out with the former Governor was that the City use the land in the beginning and starting in 1987 or 1988 until they start having to make those cash payments. He is hoping that this plan can be scaled down, such as one and one-half million dollars, which would be saved if they did not have to move that monument. The City and the State would share that fifty/fifty.

He states that one of the things that he would ask for, if this Committee and the Honorable Council desire to go along with the River Relocation, is to make a stipulation.

The stipulation that he would ask for, and he thinks it would be helpful to all, is that if there is any extra Federal monies

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put into it or any contributions from private people, such as the Downtown Business community, that they would be able to get their savings, their savings from that fifty/fifty with the State.

Council President Easton questions Mayor Paolino as to whether or not he would be willing to consider small development kinds of things, because he knows a number of Councilmembers are concerned about where they are going to get more money for the neighborhoods, and he thinks repayment of the U.D.A.G. is one thing people were hoping would be available. He questions whether the Mayor's staff could work out something that would outline where they are going to get money for neighborhood development. He knows the Mayor has been working for some time on a way to get bonding money again, and he also knows that other U.D.A.G.'s are either outstanding, or will be outstanding.

Mayor Paolino states that the City of Providence has had about three U.D.A.G.'s, the one for Fleet National Bank was seven million dollars; another U.D.A.G. for about one million, four hundred thousand dollars for the Biltmore Hotel; and, one million, two hundred thousand dollars for Richmond Square. They have an application in now for City Place, which is four million dollars, and there are about three or four other U.D.A.G.'s.

Chairwoman Brassil questions as to what is happening with City Place, are they just waiting for an answer to see if they received that U.D.A.G. or not.

Mayor Paolino states they are working very closely with the developers of City Place trying to assist them and come up with different financing methods.

He states that they were not turned down, that what happened with U.D.A.G. is that when he was in Washington two weeks ago, he met with H.U.D. officials concerning City Place and in those conversations, they stated that if they are able to secure some information the Federal Government needs, there is a good chance that they could get that U.D.A.G.

He wishes to explain how U.D.A.G. works, and he did not realize this until he was in Washington. The Federal Government works on a 100-point system. Seventy points go towards the creation of the job, the amount of money, the location, and so on. Then, there are thirty points that are strictly discretionary by Samuel Pierce, the Secretary of H.U.D.

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Of main ranked cities throughout the country, the City of Providence ranks 45th. That means Providence automatically receives 56 or 58 points before anything happens. Out of the last round of U.D.A.G.s granted, the lowest number of points was 61.2. He believes the Biltmore averaged 63.6. He states that starting with about 58 points is very positive, and the help of the Governor, the Senators and Congressional people in Washington can push that along.

He states they have been working with the developers of City Place, trying to help them secure some financing, and he is doing all he can to see this project work.

Chairwoman Brassil questions when a definitive answer will be coming down from Washington on the U.D.A.G., and Mayor Paolino states that would be anywhere from May 15, to June 1st.

Council President Easton wishes to state for the record that they are trying to set up a full Council briefing on this project.

Chairwoman Brassil states that briefing will take place on Monday, March 11, 1985 at 4:30 o'clock P.M., if that is all right with everyone.

Mayor Paolino states he has talked with H.U.D. today and is hopeful they will have documentation for the Committee to review very shortly.

Chairwoman Brassil questions as to time limits. She wishes to know how long they have to get this out of Committee and to the Council.

Mayor Paolino states he was hoping it would go to Council on Thursday night.

Chairwoman Brassil states that she has been speaking with the Majority Leader relative to taking some matters off the docket, and he has told her that he would prefer nothing come off the docket anymore.

She states that even if they wanted it to go before the Council on Thursday night, they would have to pass it tonight, and they do not have enough information to do that.

Mayor Paolino requests Vincent Pallozzi comment on when they have to have some answers.

Mr. Pallozzi states that the State is going to go out for bid by the end of this month and they need some indication of Council approval.

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Chairwoman Brassil states that could be done the twenty-first of March, and Mr. Pallozzi states that would be sufficient.

Chairwoman Brassil states that after Monday's meeting, there should be no further questions. Everyone will be invited.

Council President Easton adds that's if each of the Committees could meet after Monday's meeting, but would like to stress that it is important that all the answers be available Monday evening.

Mayor Paolino states he is as concerned and sensitive as the members of the Council on this matter. He states they are working on some additional pieces of legislation for the General Assembly that would be a tribute to the City of Providence. There is some legislation concerning neighborhoods they are in the midst of preparing right now and, hopefully, next week he will be able to put that together.

After this meeting tonight, Mayor Paolino would like Council President Easton to meet with him downstairs so that they may set up a meeting. He would like to brief the Council on the legislative package he has already submitted to the General Assembly.

He states that due to the death of Representative Aldo Freda, they were told by the Governor's office that the deadline to introduce legislation has been extended to March 4th.

When he was out of town, he was told by his office that Friday, March 1st was the deadline. When he called the Legislative Council, to let them know they would have everything by March 4th, it was changed again to March 1st. They just did not wish to drag it on.

Chairwoman Brassil states that she always thought City bills could be put in until the last day.

Mayor Paolino states that the legislation he introduced had to do with statewide effects. The City bills can be introduced anytime.

He would like to go through that with the Council step-by-step and thinks it is a very good package for the City of Providence.

He also wants to go over the Providence package that will consist of five or six bills they intend to introduce. He will be up there lobbying and if the Council has some recommendations, he will talk about it.

Mayor Paolino states he is trying to do everything all together and thinks the March 21st Council meeting will be busy. He is trying to get the package of the Charter changes to the Council at that time as well.

Chairwoman Brassil states what they should do is have a working session because they have to get Resolutions passed. The Assembly has

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stated they will not pass anything up there without a Resolution from the Council. They ought to get a whole administrative package into the Council.

Mayor Paolino has already set up some dates to meet with the Providence delegation, so he will be doing that.

Chairwoman Brassil states they should be able to do all that by March 21st.

Councilman Annaldo states he thinks it merits a lot of studying and will certainly take a heavy look at it in the next couple of days. It is creative and it does avert any general fund dollars. He would like some time to look at it.

Chairwoman Brassil states she thinks it is extremely interesting and would like to see if they did put any provisions on that U.D.A.G. She does not even know if they had the right. She assumes they probably tried to do it but did not have the right. She thinks that ought to be looked into and feels this is an exciting way to pay back their debts incurred by this.

Mayor Paolino states he thinks it will work and he feels it is going to help the developments that are taking place in Capitol Center and also in his State of the City Address, he mentioned he wanted to see some projects to bring apartment living to the downtown area. That is being worked on.

When they talk to potential developers, this River matter is a key to their development plans. It just works, and it gives a whole different face to the City of Providence.

Chairwoman Brassil states she does not think any of them were opposed to the River Relocation, that it was just the cost that was alarming.

Mayor Paolino states he was in the same state when he heard about the cost from the former Governor and his staff. Then, they worked out different payments and how they are going to make them. First, the land swaps; secondly, starting in 1987 or 1988, it will be cash payments. He felt very good about that. There are other ways they could finance this, but the U.D.A.G. way is one that is very saleable to the City Council and very saleable to him, also.

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Also, in their agreement both properties have to pay property tax. If the State wants to build a State Office or they want to put it on one of those pieces, they must pay taxes on them.

Chairwoman Brassil questions how badly they are going to get hurt by revenue sharing.

Mayor Paolino states he is having a press conference tomorrow on the Federal cuts. They are going to hurt the City.

Chairwoman Brassil questions other than the 4.8 million amount.

Mayor Paolino states that is correct, because they are talking about the 1.6 million they pay the developer. It is devastating. On the 25th, the Mayors of the municipal cities are going to Washington to protest Reagan's cuts, and he will be there.

He states he had some private conversations with Mayors Koch and Flynn, and he states they all have to remember that revenue sharing is Republican legislation. They are going to get hurt.

Council President Easton states that the people should have the answers, because a lot of them are wondering if they are ever going to be able to make any neighborhood improvements again. And every time they approve a downtown project, does that mean that is taking some available money away from the neighborhoods.

Mayor Paolino is excused at this time.

Considerable discussion ensues on the above subject matter.

Chairwoman Brassil directs the Clerk to attempt to call a joint meeting of the Committees on Planning and Urban Development, Finance and City Property, if the Chairmen so desire, on Monday after the informal meeting. If they are unhappy with the Mayor's proposal, they can cancel this meeting.

COMMUNICATION FROM HARRY A. JOHNSON, ADMINISTRATIVE ASSISTANT TO THE CITY COUNCIL, REQUESTING THAT THE PAY GRADE CHANGE FROM A GRADE 6 TO A GRADE 10 FOR THE SECRETARY TO THE ADMINISTRATIVE ASSISTANT TO THE CITY COUNCIL BE EFFECTIVE RETROACTIVE TO JULY 1, 1984.

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Chairwoman Brassil reads a communication from Harry A. Johnson, Administrative Assistant to the City Council, recommending the increase in pay approved for the Secretary to the Administrative Assistant be retroactive to July 1, 1984, as in his previous communication he omitted that request.

On motion of Councilman Easton, seconded by Councilwoman Fargnoli, it is voted to amend the Ordinance changing the pay grade of the Secretary to the Administrative Assistant from Grade 6 to Grade 10 to be effective retroactive to July 1, 1984.

RESOLUTION CREATING A COMMISSION TO BE APPOINTED TO INVESTIGATE THE PRESENT AND POTENTIAL EFFECTS OF FEDERAL SPENDING PRIORITIES ON THE CITY OF PROVIDENCE WITH PARTICULAR ATTENTION TO MILITARY SPENDING AND POLICY AND THE POTENTIAL BENEFITS TO BE ACCRUED TO THE CITY BY ALTERING THESE PRIORITIES, TO INCLUDE BUT NOT LIMITED TO CERTAIN IMPACTS.

Chairwoman Brassil requests Mr. Gary Belkin, a medical student at Brown University, speak and asks him to articulate exactly what kind of people would be involved with this.

Mr. Belkin states that he was not sure whether or not he should have invited any of the interested persons to be present today.

People who are very interested in speaking, and perhaps being involved in an effort like this, include Mr. O'Connor of the Providence Community Action Program, Mr. Mitchell of the Community Affairs for the Diocese, and several physicians have approached him, including one from the State Department of Health, the Assistant Director of Foreign Policies at Brown, and members of the Board of the Coalition for Consumer Justice

Chairwoman Brassil states that the first thing they should do is to set up a Committee with Council President Easton and the people Mr. Belkin speaks of, with five people. They can expand on that themselves later on as they go along.

She questions Mr. Belkin as to whether or not he has any

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suggestions as to the way he would like to go on this. She states they will give him all the help they possibly can.

Council President Easton states that he thinks they are all aware that the changes and priorities in federal spending obviously have a severe impact on the City's budget. It has often been expressed that all the Federal Government has been doing is, supposedly, cutting back on things, which is just shifting the burden more and more to states and municipalities.

They have found many ways where they have to increase their budget to do things that had to be done. But there isn't as much federal money as there should be. This has the most potentially severe impact in the area of education. They still have to run the schools and have to provide education, particularly in inner cities.

The question might well be asked if they should spend a lot of time, a lot of the Council's time, doing anything. He thinks all of them would be interested in a good analysis of the situation. It would help them in planning their priorities and also make a case to the Feds.

But if what Mr. Belkin is advocating is that the Council appoint some kind of private citizen that would work on and put together a report, he thinks they would be very happy to do that and would welcome it.

He thinks it would be fair to say that the Council probably doesn't have the time to spend on this since it is a fairly large undertaking. If that is what Mr. Belkin is interested in, then by simply passing the Resolution, he can ask that the Council President and/or various committee chairmen make appointments and outline who should be on this. He thinks it should be specified that it should be a committee of private citizens, not a Council committee.

Chairwoman Brassil states they could even amend this Resolution

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for a Committee of ten. If Council President Easton could give her five names, which is in the Resolution, they will have someone in City Government either a Council member or the Council President, involved. They might wish to expand it to an eight-member committee.

She wishes to make sure these people are going to want to be active.

Chairwoman Brassil questions Mr. Belkin as to whether or not there is anything he wants from the Finance Committee, other than forming this Committee and setting up regularly scheduled meetings, and whether there is anything else he is looking for to come out of this.

Mr. Belkin states he had a thought that perhaps adding a fifth area to look into, especially, for example, the U.D.A.G.'s, which the Committee previously discussed.

He has no vision of what should come out of this other than some kind of suggestion that the Assembly make a Resolution. He thinks the real value is getting in place all the information that really has not been put together.

Councilwoman Fagnoli questions if they think the Committee would really be able to handle something like this.

Chairwoman Brassill states that is not going to be for this Committee to handle, that it will be for the private sector to handle, with one Council appointment, and the Committee can come back with resolutions.

Council President Easton states that the Finance Committee could be the official body to receive the report, but they have to do the work.

He states they could make the Council staff available to the Committee to assist them, and Stephen Woerner, the Internal Auditor could be of help.

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Chairwoman Brassil states that they could use some interns interested in doing something like this.

Council President Easton states Mel Feldman from the Urban Studies Commission has been looking for a project like this.

Chairwoman Brassil states that someone like Mr. Feldman on the Committee would be able to get kids who would do the research for the group. All they are looking to generate are resolutions to their congressional delegations and resolutions to the General Assembly. But it will be done through the private sector.

Councilwoman Fagnoli states that Council people do not have the time to undertake something like this.

Mr. Belkin states that when he first thought of this with a group of physicians, it was suggested by Jane Sherman to try this route. They were thinking of doing a private study of their own.

The reason for the official stamp of approval being required is it will be easier to obtain information this way.

Councilwoman Fagnoli states that it would be a valuable piece of information when they are through with it. Many times, they are approving certain programs, and they do not even know how they work.

Council President Easton states that it is an ideal project for a University to undertake. It is a shame that they have not used Brown University more, as they should have used them.

Chairwoman Brassil states they will hold this resolution until Mr. Belkin has a chance to meet with Council President Easton and they know what they want to do with the numbers. They want to see if five members will be sufficient.

She instructs Mr. Belkin to contact Council President Easton at Brown University, where he is employed.

Mr. Belkin is excused at this time.

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

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

Chairwoman Brassil reads a letter from Fleet National Bank relative to bond market conditions regarding the City's 24-million dollar, one-year maturing June 14, 1985.

Chairwoman Brassil states this letter is saying that they should go out for bond sale. She states they are losing \$6,000 daily by not doing this.

She questions Mr. Baron if this is correct.

Mr. Baron states that they are looking at one side of it. They would have to pay interest on the money they finance, which will probably be the same rate.

Chairwoman Brassil states they would not be paying \$6,000 per month in interest.

Mr. Baron states that the \$6,000 does not include the interest expenses, which will offset it.

Discussion ensues and it is voted, on motion of Councilman Easton, seconded by Councilwoman Fagnoli, to invite Frank Juchnik of Fleet National Bank, Finance Director Jerome I. Baron, and City Treasurer Stephen T. Napolitano to the next Finance Committee meeting to discuss the above matter further.

ADJOURNMENT: On motion of Councilwoman Fagnoli, seconded by Councilman Easton, it is voted to adjourn at 5:40 o'clock P.M.

Rose M. Mendonca
CLERK

Joanna L. DeFusco
ASSISTANT CLERK

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Compared *KAC*