

DEPARTMENT OF CITY CLERK

CITY HALL

JUNE 27, 1980

The Committee on Finance reconvenes at 4:00 o'clock P.M. from the meeting held June 26, 1980.

Present: Chairwoman Brassil and Councilmen Addison, Easton and Paolino.

City Solicitor Ronald H. Glantz is also present. (Rose M. Mendonca City Clerk)

Councilwoman Brassil informs the members that Shelby Friedman should have an answer from HUD by July 4, 1980. There is a statutory problem with the mix of people who live at Valley View.

City Solicitor Glantz states they have been through this with the local office and does not see the problem with the mix. The response will be ambiguous.

Relative to the Resolution in Committee requesting Valley View be sold to private developers, his office has received at least six telephone calls. One indicated that the price they were interested in paying exceeded the amount of the sale to HUD. The figure that had been budgeted, approximately 3.5 Million Dollars, about Six Hundred Thousand (\$600,000) is owed on taxes or other charges makes the amount 4.1 Million Dollars. He informed those interested, to write to the Committee on City Property and the Finance Committee.

Councilman Paolino refers to 1973, when the property was offered for sale by public advertising. He questions the possibility that sealed bids be received and then a meeting with the neighborhood people as they may not agree with the high bidder.

City Solicitor Glantz states the Resolution is before the Committees and they can recommend any of those matters. In order to sell they would have to advertise and put any conditions on the sale.

Councilwoman Brassil refers to that Section 21-90 of the Code of Ordinances wherein it states all receipts in money on account of the sale of real estate or buildings shall be paid to the Committee of Sinking Funds.

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City Solicitor Glantz reads that Section and states the accounting can be re-arranged and the Five Million in the Sinking Funds Commission, the debt goes to the deficit.

He interprets the Section that deficit is payment of bills and they are paying bills.

Councilman Easton states that Five Million Dollars has to be used to catch up on the payment of bills to the point that no money can be budgeted until that deficit is retired.

City Solicitor Glantz states that Section needs to be researched. He would assign someone to review that to interpret the clause to see in other municipalities how it is working.

He states, assuming the Levy Ordinance passes the City Council this evening, and they are left with X amount of dollars to collect, assuming the sale of the property goes your way, that leaves a shortfall. That becomes an administrative problem and that requires the administration to recommend, or lay-off, it leaves the ball out of the Council's Court.

For example, of the current operating deficit, about Six Million Dollars, One Million is on a debt owed since 1938 which may never be paid. There is money in there owed to the City by the State which they must carry as a deficit. If he incurs a bill today, that is deficit and accruing. They are supposed to theoretically wipe out the old bills, they do that.

Councilwoman Brassil states about 5½ Million Dollars owed in the retirement fund.

City Solicitor Glantz states that has to be accounted for. Whatever is not paid, comes to operating deficit this year. When the audit is completed, you will know what accounts are surplus or deficit. They know the schools are 1.2 Million Dollars over spent. That is operating deficit. After the books are closed on July 30, whatever operating deficit there is becomes accumulated deficit which is added to what is in the past.

Councilman Easton states he understands but does not appreciate the accounting system this administration uses.

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That item is clear that when it says the Sinking Funds are required to pay or purchase the City debt. The intention of that Ordinance is to say the money from excess properties sales should go to Sinking Funds for payment or purchase of City debt.

With any knowledge of budgeting practices, he questions the Solicitor, as to whether it would be better advice to have the Mayor take the budget back and try to work it out so that it is realistic.

City Solicitor Glantz states the Mayor drafted a budget he believes to be responsible, if the Members believe it to be in error, they should recommend to their colleagues an increase in taxes or cut spending. The Administration has not heard any recommendations from the Committee.

He is of the opinion the problem is that once this period passes, they seem to forget budget and finances.

He states the meeting held June 26, 1980, with the Professors from URI was important, they have to get into long range fiscal planning. The administration is willing to sit down with the Finance Committee and the Professors, have co-equal responsibility with the Mayor. Money should be made available for this long range planning to change this accounting.

Councilman Addison refers to the Auditors recommendations which are not followed and the Resolution submitted by Councilman Paolino, which City Solicitor Glantz states Executive memos are going to be sent with the Resolutions urging they be complied with.

Councilman Easton states this meeting was called so that members could express their position as to where they think they should go.

He is of the opinion there is mutual agreement among the members and some recognition on the part of the administration that roughly Nine Million Dollars is shaky and open to question. He thinks they would be acting irresponsibly to pass such a budget since they have an obligation of the handling of city funds and the track record of this administration.

There is a feeling that the only thing that can be done is pass the Budget and let the Mayor have it.

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If they are going to do anything they can be proved of on their tenure on the Council, either taxes must be raised, which if necessary he will vote for, or cut appropriations. He includes the possibility of not honoring the union contract which he does not think has force of law until approval by the Council.

City Solicitor Glantz states the Levy Ordinance is essential, it is not like other years. On July 1, the City is out of money.

He states the Water Supply Board met today and an agreement has been reached with the Public Utility Commission and, reads the following:

"RESOLVED, That the Water Supply Board will not contest the power of the Public Utilities Commission to order a refund or a credit to the Water Supply customers at the completion of the hearings to be held before the Public Utilities Commission to determine rates, on rates that shall be determined by the Public Utilities Commission to be excessive as charged by the Water Supply Board subsequent to May 9, 1980. Subject, however, to any appeal which might be taken to the Supreme Court, by any party in interest in accordance with the law after hearings are concluded".

City Solicitor Glantz states it is his opinion the City would win in Court on the increased rates for the Water Supply Board.

Councilman Easton is excused at this time.

City Solicitor Glantz states if the four Ordinances pass the City Council and something goes wrong, it is not in the Council's quarter. Look at raising taxes or massive layoffs.

If you look at 7% increases in pays, the City did well. The President's guidelines have changed from 7% to 9%. With all the fringes and wage increases, they did not exceed the Presidential guidelines.

Discussion ensues relative to the School Department.

Councilman Addison questions City Solicitor Glantz as to whether he thinks this is the worst budget this Administration ever submitted.


City Solicitor Glantz states there is two types of irresponsibility. One is putting together a budget that is not balanced because the revenues are sketchy and the second is the deterioration and neglect of municipal facilities that cause a mass of

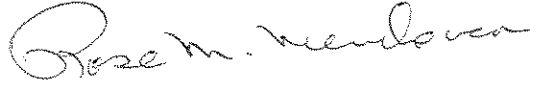
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spending of dollars at a later time.

Ensuing a considerable discussion, the Committee adjourns
at 5:00 o'clock P.M.

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CLERK

COMPARED

