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City Hall

The Committee on Finance meets this day in the Department of the City Clerk at 3:00 o'clock p.m.

Present: Chairman O'Connor and Messrs. Haxton, Lazarus and Lynch. Also present are Budget Officer Moran, Finance Director Keegan and City Controller Wilkes. (Dorothy K. McGinn, Assistant Clerk)

Chairman O'Connor states that Councilman Murphy has requested to be allowed to address the Committee on Finance at this time.

Councilman Murphy states that this is in regards to a request that he would like to make of the Finance Committee that at the next meeting, Mr. Keegan, Mr. Wilkes, Mr. Richard LaFlamme Supervisor of the Data Processing Division, and himself be allowed to be present. Mr. Murphy goes on to say that Mr. LaFlamme has more physical knowledge of Data Processing Machines and the system in this city than anyone in the City Hall. He further states that next year the city is going to receive between \$50,000 and \$100,000 simply because of the one act this man is doing. He states that this young man by himself started a system where all the automobile cards in the City are being broken down by numbers and no mistakes made then. He states that it would not only be a savings for the City but additional revenue.

Mr. Murphy states that this actually is in reference to three Resolutions mentioned at the Council meeting the other night.

Mr. Murphy states that this young man (Mr. LaFlamme, asked for several years ago and received little cooperation in the centralizing of Key Punch operation, and now are asking for additional help. He states that there are four girls doing Key Punch in the City Collector's Office and one in the Board of Canvassers and if this committee could see fit or find some way to allow key punch operations, to be centralized, the savings alone would be tremendous. He states that the reason

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never accepted, certain department heads within the City feel they are losing their rights or losing a little piece of their departments. He states that it might bring in \$50,000 to \$100,000 if allowed to be centralized.

Mr. Murphy states that he would like to have this gentleman come before the committee, as while you know the financial end of it, as far as the physical knowledge of these machines, he knows more.

Chairman O'Connor states that he sees no reason why he can't be allowed to appear. Mr. Murphy states that his name is Mr. Richard LaFlamme who for the last 12 years has been supervisor in Data Processing and would save \$50,000 to \$100,000 and it possibly could be three times that.

In a brief discussion which follows, Mr. Lazarus states that he doesn't see why Mr. LaFlamme couldn't appear before the meeting.

Mr. Murphy goes on further to say that this man has ideas, and what they are talking about is centralizing.

Mr. Haxton tells the committee that he thinks the City Plan is applying for this now.

Mr. Murphy states that what we give the Data Processing now is piece-meal, and if they got what they asked for in the first place, wouldn't be asking for additional help now, and if there was some kind of committee this man could go before and explain it, it would be a lot cheaper in the long run.

Mr. Lazarus questions if what he is asking is that the various operations in the various departments be done from one central location, so you wouldn't need all these employees in the other departments, and Mr. Murphy replies, "more or less".

Mr. Lazarus then states that in other words, if centralized could get the same results with less help and Mr. Murphy replies "Yes" and a more efficient method of doing it."

Mr. Keegan states that what Councilman Murphy is saying is their ultimate hope and, that Mr. Pitassi does have Key Punch Operators that wouldn't be moved upstairs, but

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most of the key punch operators moved upstairs. He also states that he (Mr. Pitassi) needs these girls not only as Key Punch Operators, but they are completely familiar with the Key Punch Cards and when the title search people want the information about the tax situation, all information in the Collector's Office. He states further that a year ago they ordered an IBM 360 and will be delivered a year from next May, 1966. He states that men are now going to school and they are losing 118 man days this year in training and schooling for this 360 machine, and when have this machine, won't be necessary for them to be downstairs, but will be upstairs. Many records about real estate will be updated daily and there will be an inquiry station in the Collector's office.

Mr. Keegan goes on further to explain a little about this machine and states that a girl will type out the message and the machine will come back with an answer. He further states that when we can do things like that, it won't be necessary to have those girls in the Collector's Office. He also states that you have to have someone handle those cards who has the know-how and knows about them. He also states that there has been a two year delay on this machine, that has been ordered.

Mr. Murphy at this time , repeats his request to have Mr. LaFlamme appear before the meeting next time.

Mr. Wilkes informs the Committee that he had several meetings with the Commissioner of Public Safety to try to combine his operation with our operation, but it was found not feasible; the reason being they were going to fall behind schedule. Mr. Wilkes states that they have a tremendous job to do, and less than a year to work preparing for this machine, and that is why they are going to school now.

Mr. Murphy states that in regard to using the Commissioner of Public Safety as an example, who decided whether it was feasible to put all the police work on our machines. Mr. Keegan replies "the Police Department".

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Mr. Lazarus states that he sees no reason not to grant Mr. Murphy's request to bring this man in and that maybe the Police Department is not qualified to make these recommendations. Mr. Keegan states that after talking with the Commissioner it appears they will not approve it.

On motion of Mr. Lazarus, seconded by Mr. Haxton, it is voted to allow Councilman William J. Murphy and Mr. Richard LaFlamme to attend the next meeting of the Finance Committee and the Clerk is directed to invite these gentlemen.

RESOLUTION REQUESTING THE COMMITTEE ON FINANCE TO CONDUCT A PUBLIC HEARING UPON THE PROPOSITION THAT A ONE THOUSAND DOLLAR TAX EXEMPTION BE GRANTED TO OWNER-OCCUPANTS OF REAL PROPERTY WHO ARE SIXTY-FIVE YEARS OF AGE OR OVER. (In City Council Jan. 21, 1965 Referred to Committee on Finance.) (In Finance Committee Feb. 12, 1965 and March 12, 1965-cont.)

RESOLUTION AUTHORIZING THE PRESIDENT OF THE CITY COUNCIL TO APPOINT A SPECIAL COMMITTEE TO UNDERTAKE A STUDY GRANTING A ONE THOUSAND DOLLAR TAX EXEMPTION TO OWNER-OCCUPANTS OF REAL PROPERTY WHO HAVE ATTAINED THEIR SIXTY-FIFTH BIRTHDAY OR OVER. (In City Council Jan. 21, 1965 - Referred to Committee on Finance. In Finance Committee, Feb. 12, 1965 and March 12, 1965 - continued.)

Mr. Cote, City Assessor is invited and joins the Committee.

Mr. Cote states the original estimate on above that he made was a sum in the vicinity of \$300,000.00, but since that time he has received from the Expenditures Council a brochure which they prepared and they have made an estimate of it for the entire State mostly, of in excess of \$750,000 and listed the communities where not exempting for one year. He states further that he went back to 1960 in the various earning brackets - North Kingstown - up to \$1500.00 and if went up to \$2,000.00, not eliminating too many people out of the picture as so many of these people would fall into the bracket. He states that the figures are not definite for Providence alone. 44% fall into the 0 to 1,000.00; 25% - 1,000.00 to 2,000.00 and 18% - from \$2,000.00 to \$3,000.00. He states that just a little over 80% would fall into that guide line. In a further discussion he states that the loss of revenue might run to \$175,000.00.

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Mr. Lazarus questions how many people would be affected and Mr. Cote replies "no definite amount. Mr. Cote further states that at the last meeting he made a prediction and his guess was about 7,000 which would be \$280,000 and giving himself a little leeway, with no definite limit.

Mr. Cote states that some of these communities like North Kingstown has an income limitation and with population of 20,000 had seven applicants. He states that Lincoln with 15,000 had five applicants. He also states that in North Kingstown, they discouraged people from applying and in Bristol they make them sign an affidavit for the income a year.

Mr. Lazarus states that assuming that it is \$280,000 the city would lose, the Budget being as tight as it is and with no additional income he states that he would like to ask the Finance Director how they would make it up.

Mr. Keegan states that he wishes he knew the answer but we might be forced into it, and it hits the city at a very bad time. Mr. Keegan states that he wouldn't want to make any kind of a recommendation without conferring with the Mayor, but he states that if the city were forced into it, they should certainly set some kind of a limit on all income.

Mr. O'Connor states that he is getting calls every day.

Mr. Haxton states that some people think it means a reduction of \$1,000.00 and Mr. Keegan states that we are talking about 75¢ a week.

On motion of Mr. O'Connor, seconded by Messrs. Lazarus and Haxton, it is voted to continue this matter.

AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1644, BY APPROPRIATING THE SUM OF TWO HUNDRED AND FIFTY DOLLARS (\$250.00)

TO THE AMERICAN VETERANS, WORLD WAR II, DEPARTMENT CONVENTION COMMITTEE.

Mr. Moran states that this is to help defray expenses of a convention to be held in Providence June 12 and 13, and that they last received an appropriation in 1962.

On motion of Mr. Haxton, seconded by Mr. Lazarus, it is voted that the above Ordinance be transmitted to the

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City Council for passage a first time.

RESOLUTION REQUESTING THE FINANCE DIRECTOR TO STUDY THE
POSSIBILITY OF MAKING AVAILABLE TO CITY EMPLOYEES MAJOR MEDICAL
PROTECTION OF THE RHODE ISLAND BLUE CROSS AND PHYSICIANS SERVICE.
(In City Council March 18, 1965 Referred to Committee on Finance)

Mr. John O'Connor, Sales Manager of the Blue Cross, is invited to attend and joins the Committee.

Mr. O'Connor states that Major Medical is available but in order to be available it cost money and the cost would be predicated upon wage schedule, the ago of the city employee, salary, etc. He further states that at the present time they have a Major Medical Program in the School Department and the rate they pay is \$1.90 per month for single people and \$4.85 for family, thats over and above what we have now and it is available on the same basis as for the School Department.

Mr. O'Connor states further that he has reviewed this at various times but he personally never attempted to sell Major Medical to the City as he thinks before you have Major Medical, there are other steps available that would serve the city employees better.

He goes on to say that the City has a Blue Cross and Physicians Service that are inadequate, the basic coverage we have now being a \$22.00 a day Blue Cross Plan and Physicians Service Plan. He questions how long in effect, five, six or seven years and Mr. Wilkes states that we jumped from \$14.00 to \$22.00.

Mr. J. O'Connor states that in the last five, six or seven years hospital costs have increased but this program has not changed. He states that on the retirement group alone, outcome more than income, which affects the rate for everybody involved. He states again that Major Medical is available, but it is for the abnormal type of cases; for the unusual and extraordinary medical. He states further that perhaps three people might qualify in the course of the year, yet everybody has to pay the full premium, and might affect 3%. He states that the School Department

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has made this available to their employees on a voluntary basis.

Mr. Keegan states that assuming we have a hospital bill and Blue Cross pays its share, if Blue Cross has paid their share, the next \$100.00 works like deductible in an automobile insurance, the employee pays that himself and every additional \$100.00 after that, Major Medical pays \$80.00 and the employee pays \$20.00 and this can go on up to \$20,000.00.

In a discussion which follows, Mr. Keegan states that he has been informed by Mr. O'Connor the people now paying for family plan paying \$8.10 a month, going to jump to \$9.55.

Mr. Keegan goes on to say that a vote must be taken of all employees and that vote must be at least 75% "yes", and if not, cannot have Major Medical.

Mr. O'Connor states that Mr. Keegan is taking into account a possible rate increase that might take place next October.

In a discussion which follows, Mr. O'Connor states that most of the employees will run up a bill of \$300.00 over Blue Cross and that Major Medical is not designed for the ordinary type of case.

Mr. Keegan states that you have to have 75% vote "yes" and he thinks we have so many city employees whose take-home pay is so small, to ask them to pay the better part of \$5.00 extra, he thinks they will say "no". Mr. Wilkes states that the School Department had trouble getting the 75% vote.

Mr. Lazarus, in a further discussion, states that it seems to him if this plan is adopted, that there isn't going to be any contribution on the part of the city; only on the employees. He states that he thinks this committee should request the Finance Director to get up a brochure and submit same to the employees and if they get 75% to adopt it, alright, if not, turn it down.

Mr. Wilkes states that he thinks they should inform the employees of the rate increase that is coming.

Mr. J. O'Connor states that they just filed for new rates and it looks as though the rate would go up, the city's cost

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at the time \$5.90 per employee - the family rate we charge the city is \$14.00 and the city absorbs \$5.90 and they predict the city's cost will go from \$5.90 to \$7.05, an increase of \$1.15 and the individual cost to go from \$14.00 to \$16.60 - the city's cost will go up \$1.15 and the employee cost to cover a family, \$1.45.

Chairman O'Connor questions if the city does not give better benefits on their present setup than having the Major Medical and Mr. J. O'Connor states that he would rather see their dollars put to better use.

He states that occasionally a person gets a \$10,000 bill he states that if bought Major Medical at \$4.55 his premium cost would be \$54.60 a year that would come out of his pocket every year and he would have to spend another \$100.00 out of his pocket - would have to spend \$154.60 a year and before he could trigger a Major Medical benefit, he would have to spend \$100.00.

He states that the cost of that plan would be an additional \$1.75 per month for a man and his family, and if the city still plans to absorb 75¢ their rate would then go up \$1.00.

At this point Mr. J. O'Connor from the Blue Cross explains a Semi-private plan and Diagnostic Rider, which would be the same cost as Major Medical.

He states that the deduction would be \$1.00 from the employee and 75¢ from the city, and the Diagnostic Rider, initial cost would be \$1.25 a month, with family rate \$3.10, making \$4.85 and add that to the \$9.55 makes \$14.40.

Chairman O'Connor questions if they adopted X plan would the rate still go up and Mr. J. O'Connor states that this changed plan has no affect on the rate.

In a further explanation, Mr. J. O'Connor states that assuming the city is going to add Semi-private, there would be an additional \$.75 and if add the Diagnostic Rider, would be an additional \$1.25. If the city now pays \$5.90, adding \$.75 would make it \$6.65 paid by the city.

Mr. Lazarus states that if Semi-private adopted the city would pay an additional sum of \$.75 a month and Mr. Moran, states that would make it \$9.00 a year for 3300 employees, making a total of \$29,700.00. Mr. Lazarus states that instead of an paying \$8.10, would be paying \$9.10 the city paying \$.75 and instead of limited to \$22.00 might get a \$35.00 a day room.

Mr. J. O'Connor states that it looks like the rate for

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individual is going up \$1.15 a month, city's share.

He further states that the \$22.00 plan rates projected into the what they filed for but/other two benefits available right now at those rates. Mr. Wilkes questions Mr. O'Connor if the other benefits will increase in October and he replies that he doesn't know. He states that the Diagnostic rate now is \$1.25 and \$3.10 and what the rate six months from now will be he doesn't know, but would remain for one year but if you bought at the new rates, would then pay a new rate for Diagnostic coverage.

Mr. Lazarus states that as he understands it, the \$8.10 employees paying and \$5.90 city paying be increased by \$1.00 and the employees would get 50% more benefits for hospital as now entitled to \$22.00 could be entitled to \$32.00 to \$35.00 a day hospital room.

Mr. Keegan states that with his rough figuring it looks to him that it will cost the city about \$133,000 if they end up with the whole deal. Mr. Lazarus states on Semi-private, only about \$30,000.00.

On motion of Mr. Lynch, seconded by Mr. Lazarus, it is voted to continue this matter.

RESOLUTION ENDORSING HOUSE BILL H-1281 BEING AN AMENDMENT RESTORING THE POWER OF INVESTMENT OF SURPLUS STATE AND MUNICIPAL FUNDS. (In City Council March 18, 1965 Referred to Committee on Finance.

Mr. Keegan states that the City does invest surplus monies and Mr. Lynch states this was to allow them to invest in some sort of savings.

A brief discussion ensues and on motion of Mr. Lynch, seconded by Mr. Lazarus, it is voted to transmit same to the City Council with recommendation the same be adopted.

RESOLUTION THAT THE CITY SOLICITOR CAUSE THE INTRODUCTION OF AN ACT INTO THE GENERAL ASSEMBLY RECOMMENDING A PENSION FOR FORMER COUNCILMAN JOSEPH SCHLOSSBERG.

Mr. Keegan states that Mr. Buck, Actuary, is drawing an Amendment and the main reason for the amendment was to provide options for elected officials, and so long as he was doing that, he states that he had him included, in such a manner that we could delete if it wasn't agreeable, so that we could pay people who had service in both the old Common Council or Board of

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Aldermen and the new Council, with the provisions that he must have served at least two years in the new Council; also that he would receive the yearly amount for only the years he served in the Council. He states that he would like to hear from Mr. Buck and also talk it over with the Mayor, but he states that if we do have the information and it is agreeable to everybody, including the Mayor, then you have it on the Docket and if you don't have the information you can refer back to the Committee.

Mr. Keegan states that they will have to redraft No. 6 on the Agenda (as above) and why not redraft to include the options for elected officials?

Accordingly on motion of Mr. Lazarus, seconded by Mr. Lynch, it is voted to reword the Resolution and encompass the options and place it on the Docket for the next Council Meeting.

Mr. Vespia, City Clerk, joins the committee and suggests the following title: Resolution requestion the City Solicitor to urge passage of an Act for Retirement Benefits payable to certain retired elected officials and providing options. Mr. Lazarus states that it should state "Amending Act. No. -- to provide options."

ADJOURNMENT. On motion of Mr. Lazarus, seconded by Mr. Lynch, the Committee adjourns at 5:20 o'clock p.m.

Anthony K. McLine
Assistant Clerk

Copied *P.A.M.*

Compared *D.K.M.*