

(The following is not a verbatim transcript of comments or discussion that occurred during the meeting, but rather a summarization intended for general informational purposes. All motions and votes are the official records).

FINANCE COMMITTEE

Regular meeting of the Finance Committee was held on Thursday, July 14, 2011 in the Council Chambers, City Hall, Cranston, Rhode Island.

CALL MEETING TO ORDER:

The meeting was called to order at 6:35 P.M. by the Chair.

Present: Council Vice-President Robert J. Pelletier
Councilman Steven A. Stycos, Vice-Chair
Councilman James E. Donahue
Councilman Paul H. Archetto
Councilman Michael W. Favicchio (appeared at 6:40 P.M.)
Council President Anthony J. Lupino

Absent: Councilman Emilio L. Navarro, Chair

Also Present: Councilman Richard D. Santamaria, Jr.
Gerald Cordy, Deputy Director of Administration
Carlos Lopez, Director of Constituent and Government Affairs
Evan Kirshenbaum, Assistant City Solicitor
Robert Strom, Finance Director
Steve Woerner, City Council Internal Auditor
Salvatore Saccoccio, City Assessor
Rosalba Zanni, Assistant City Clerk/Clerk of Committees
Heather Finger, Stenographer

MINUTES OF THE LAST MEETING:

On motion by Council President Lupino, seconded by Councilman Stycos, it was voted to dispense with the reading of the minutes of the last meeting and they stand approved as recorded. Motion passed unanimously.

CORRESPONDENCE:

Councilman Stycos indicated to a memo from the School Department regarding their Budget for 2010-2011. He stated that he requested this information from the School Department regarding the status of their Budget for Fiscal Year 2010-2011. Mr. Strom stated that he has not had a chance to review this memo since he just received it this evening. One of the concerns the Administration has is the deficit has increased since May. Three months ago, they had a \$300,000 deficit. Mr. Woerner stated that he can do an analysis.

OLD BUSINESS:

- **Resolution** establishing a Homestead Tax Exemption Study Commission (Cont. 6/16/2011). [\[click here to view\]](#)

On motion by Council President Lupino, seconded by Councilman Stycos, it was voted to recommend approval of this Resolution.

Under Discussion:

Councilman Archetto stated that he was asked by a number of constituents for a Tax Exemption and creating a Committee would ask necessary questions and obtain answers as to whether we need a Homestead Exemption.

Mr. Saccoccio explained the process from the last time the City had a Homestead Exemption and problems associated with it. He stated that even though it does not show as a Homestead, homeowners are receiving a Homestead benefit in the tax rate itself.

Councilman Stycos questioned if the City could create a separate rate for large multi units. Mr. Saccoccio stated that for 2, 3, 4 and 5 units, the City would have to obtain enabling legislation. State Law states that six units or more is considered Commercial properties. He stressed that the Council keep in mind that money coming off Residential properties would have to be generated from somewhere else.

Council President Lupino stated that by creating a Homestead, the City would have to add more employees to enforce and continue to monitor who actually resides in the home and who doesn't.

Mr. Cordy asked Mr. Saccoccio if there is an over 65 Elderly Exemption. Mr. Saccoccio stated that there is an over 65 Exemption, which is a one-time application for owner occupied property. Mr. Cordy asked if there is an Exemption for low income people. Mr. Saccoccio stated, yes, totally disabled and for over 65 who qualify based on income, which is also for owner occupied.

Mr. Cordy stated that the Mayor's Office receives phone calls all the time from residents who would normally qualify for those Exemptions and are not aware of them.

Councilman Stycos asked for the following information for the next meeting:

- How many over 65 Exemptions and low income Exemptions we currently have. Mr. Saccoccio provided a report of this information to the Committee.

On motion by Councilman Favicchio, seconded by Councilman Archetto, it was voted to amend this Resolution as follows: change title to "Tax Policy Review Commission". Motion passed unanimously.

- **Report from City Assessor** regarding benefits and enforcement issues in regards to establishment of a Homestead Tax Exemption.

This item was discussed during the discussion of the above Resolution.

PUBLIC HEARING

NEW BUSINESS

- **Tax Interest Waiver Approvals**

On motion by Council President Lupino, seconded by Councilman Favicchio, it was voted to recommend approval of the Tax Interest Waiver Approvals as recommended by City Treasurer. Motion passed unanimously.

- **Tax Interest Waiver Denials**

None.

- **Real Estate Tax Abatements**

On motion by Council President Lupino, seconded by Councilman Donahue, it was voted to recommend approval of the Real Estate Tax Abatements as recommended by City Assessor. Motion passed unanimously.

- **Motor Vehicle Tax Abatements**

On motion by Council President Lupino, seconded by Councilman Donahue, it was voted to recommend approval of the Motor Tax Abatements as recommended by City Assessor. Motion passed unanimously.

6-11-2 Ordinance transferring appropriations and amending the Budget for the Fiscal Year commencing July 1, 2010 and ending June 30, 2011 (4th Quarter Transfers).

[\[click here to view\]](#)

On motion by Councilman Donahue, seconded by Councilman Favicchio, it was voted to recommend approval of the above Ordinance.

Under Discussion:

Councilman Stycos asked for an overview of where additional funds would be coming from. Mr. Strom stated that this is a normal procedure of fourth quarter transfers that is done this time every year. We have not added any money into the budget to balance out the rest of the fiscal year. Councilman Stycos stated that he is disappointed that the School Department is not included in this transfer Ordinance. Mr. Strom stated that we have two separate budgets, the School is appropriated a certain amount of dollars and the City has a certain amount of dollars.

He indicated that on the City, we have made a conservative effort to stay within this budget. On the School side, his feeling is that they have spent over their budget, based on what was given to them from the City or the State and has not seen them make any cuts. From a cash stand point, he has given them the money to pay their bills. From a budget stand point, they have gone over what they were budgeted.

Council President Lupino stated that some of the items in this Ordinance of increases, such as snow removal, are unavoidable, but some of the items are trends, such as electricity. He indicated that we are lucky to have overages. He questioned if we did not have overages, where would the funds come from to balance this. Mr. Strom stated that since he has been Finance Director, we have always had surpluses. We are always looking at contractual reductions. We have done a number of things pro-actively to make sure we did not generate a deficit. If we could not come up with the funds, we would have to get it from our accumulated surplus with the City Council approval. We have not had to do that in the last three years.

Councilman Donahue questioned if the Finance Director has the ability to go to the School Budget line item by line item like he does for the City side and make adjustments.

Councilman Stycos motioned to amend the above Ordinance to add “\$100,000” to the School Department. Councilman Archetto seconded the motion for discussion purposes.

Motion and second were withdrawn.

Councilman Stycos motioned to amend this Ordinance to add up to \$100,000 for over spending in unemployment compensation, snow removal and gasoline costs. This money would be spent if Finance Director verifies that these three areas went over budget by at least \$100,000. Councilman Archetto seconded motion for discussion purposes.

Under Discussion:

Council Vice-President Pelletier stated that if there is a transfer made to the School budget, we can't tell them where they have to spend the money, but he cautioned the Council that this would be added to the Maintenance of Efforts.

Councilman Favicchio stated that no one is present this evening from the School Department to explain those line items as the Finance Director has. This would become the Maintenance of Effort and we have to fund this next year as part of the budget and legally, he does not think we can do this.

Solicitor stated that within the money the City gives the Administration, they are allocating the excesses in the accounts where there are deficits. There is no additional money created and no additional monies being spent. This is only an acknowledgment of what the accounts look like at the end of the year and the accounts are reconciled.

Councilman Archetto stated that at this time, he thinks the \$100,000 allocation is premature.

On motion by Council President Lupino, seconded by Councilman Donahue, it was voted to move the question. Motion passed on a vote of 3-2. The following being recorded as voting “aye”: councilmen Donahue, Favicchio and Council Vice-President Pelletier -3. The following being recorded as voting “nay”: Councilmen Stycos and Archetto -2.

Roll call was taken on motion to amend this Ordinance as stated by Councilman Stycos and motion failed on a vote of 1-4. The following being recorded as voting “aye”: Councilman Stycos -1. The following being recorded as voting “nay”: Councilmen Archetto, Donahue, Favicchio and Council Vice-President Pelletier -4.

Roll call was taken on motion to recommend approval of the above Ordinance as presented and motion passed on a vote of 4-1. The following being recorded as voting “aye”: Councilmen Archetto, Donahue, Favicchio and Council Vice-President Pelletier -4. The following being recorded as voting “nay”: Councilman Stycos -1.

The meeting adjourned at 7:50 P.M.

Respectfully submitted,

Rosalba Zanni
Assistant City Clerk/Clerk of Committees