

(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).

SPECIAL FINANCE COMMITTEE – APRIL 3, 2021
(BUDGET HEARINGS)

A special meeting of the Finance Committee was held on Saturday, April 3, 2021 via Zoom Webinar.

CALL MEETING TO ORDER:

The meeting was called to order at 9:15 AM. by the Chair.

Present Councilwoman Jessica M. Marino
 Councilwoman Nicole Renzulli
 Councilman John P. Donegan
 Councilman Matthew R. Reilly
 Councilman Robert J. Ferri, Vice-Chair
 Council Vice-President Edward J. Brady, Chair
 Council President Christopher G. Paplauskas

Also Present: Councilwoman Lammis J. Vargas
 Councilwoman Aniece Germain
 Anthony Moretti, Director of Administration
 John Verdecchia, Assistant City Solicitor
 Robert Strom, Finance Director
 David DiMaio, City Council Budget Analyst
 Leanne Zarrella, City Clerk
 Rosalba Zanni, Assistant City Clerk/Clerk of Committees

Chair stated that there is a cut off of twelve noon today and the following Departments will be continued to the April 12th meeting: Building Inspections, City Council, City Clerk and Probate.

FINANCE DEPARTMENT (ACCOUNTS & CONTROL, ASSESSMENT, CONTRACT & PURCHASE, TREASURY & TAX COLLECTIONS); REVENUES

Director Strom appeared to speak and stated that he e-mailed the Revenue and Expenditure reports to the Committee for the departments listed for hearing today and will be emailing the reports for all the other departments as those meetings are held.

Director Strom stated that the Finance Department is tracking well this year. Revaluation has occurred this year, as required by State Law, that every three years we have to do a statistical revaluation. The tax rate on the revaluation went down from 20.77 to 18.21 as a no tax increase to the residents of the City and maintains a neutral valuation. Commercial went down as well. The issue with commercial is some of the tangibles we lost Revenue and that is something we are picking up with American Recovery Reduction Act and we put that in the budget as Revenue. That can be used for loss of Revenues from when the pandemic started, which will be March, 2020 going forward. He has been told that money has been distributed the first half of it and half of that money should be received by middle to late May. We should be receiving anywhere between \$25-27 million. We may get even more money as being the second largest City in the State. That all has to be spent by December of 2024. Potentially, it could be up to \$42 million, of which we have in the budget \$7.9 million for 2022, which is only 20% and the rest would be put into a deferred restricted Revenue account and would be used for future fiscal years if necessary or for items on what we can use it for once we get clarification from the Feds. He does know that it can be used for shortfall revenues and COVID related expenses. As far as Expenses in Finance, this year we are running well, we are overbudget. We have increased some things in IT that had to be upgraded, specifically cybersecurity.

Councilman Donegan asked what the average re-assessment was and how much it went up as to percentage increase or decrease. Director Strom stated that he believes, overall, if your valuation went up 15% or greater, there is a chance that you will be paying more in taxes. If it is 15% or less, it will be less taxes or you would stay equal or less taxes. He believes Tax Assessor Capuano provided the City Council with a median and they went from 213-253 and that becomes a 19.3% median increase.

Councilman Donegan stated that the Mayor stated in his budget address that Cranston residents won't see a tax increase or sewer increase. The reality is a 1/3 of the residents of Cranston will see a tax increase. He asked if this is accurate. Director Strom stated that if taxes would go up it is based on State mandated revaluation, it is not based on the City raising taxes so it is not a tax rate increase, it is a valuation increase. Councilman Donegan asked if there is any precedent for the Mayor to ask the State for a one-year delay on the revaluation. Assessor Mark Capuano stated that State Law mandates it. He does not know of any precedent of this deferment since it has been put into legislation at this time. Councilman Donegan stated that he thinks it is misleading to say that taxes are not going up when some people will have a tax increase. Director Strom stated that there are other revaluations going on throughout the State, it is not just the City of Cranston.

Director Moretti stated that the Administration is just following the law and this Administration is obligated to do so. Unfortunately, with revaluation, it reflects sale prices so if there was not a change, some people's taxes would go down.

Councilman Ferri stated that if we know ahead of time that 1/3 of the people's taxes are going to go up, 1/3 of the people's taxes are going to go down and 1/3 are going to remain the same, before we do something like this, why did we not ask to see if, because of the current financial situation and COVID, why this could not have been delayed ahead of time. Director Moretti stated that he believes this is the first time this issue has been brought up. Discussion early on would have been more appropriate to do something. At this point, it is a little late to do anything. It is unfortunate that some taxes will go up and some will go down, but unfortunately, the City cannot control the market and the City has to, at this point, abide by the laws that are in place. Unfortunately, it happens every three years and it has been happening this way for a long time. Perhaps the next revaluation might be a good point that we might appeal that.

Councilwoman Vargas asked how many people have appealed the revaluation. Assessor Capuano stated that normally we set up the hearings at the Senior Center of approximately 1100. For this revaluation, the hearings were informal and have been done over the phone due to the pandemic. At this point, we have had approximately 900 hearings that have happened.

Councilwoman Vargas questioned why “Interest Income” is down substantially. Director Strom stated that with this pandemic, the interest rates have dropped significantly. In order to make it realistic, we were not going to overstate the interest income because with the rates you are not going to achieve that so we lowered it. Councilwoman Vargas stated that she does not think this is a neutral levy. This is an increase and an increase for the taxpayers.

Councilman Reilly stated that we are talking about two separate issues here. With the revaluation, we have two separate taxing events that are occurring simultaneously. One is the Mayor’s budget, the second is this revaluation. With this revaluation, we have to keep in mind that if we even had the power to do anything about the revaluation, and we were to lower the rate for the 1/3 that may see an increase, that is also going to affect a 1/3 of the people who have a decrease. So, we would be asking them to pay higher taxes than they are legally obligated to and that could put us in a bind. We do not have any control of that. We have to concentrate on the Mayor’s budget now and try to find a way to help the taxpayers of the City rather than the revaluation, which we do not have any control over.

Councilman Donegan stated that in order for him to adequately review where and who that distribution is being placed upon, he needs the address, zip code, previous assessment and new assessment so he can see value geographically the redistribution of that tax burden. He requested this data be provided to all the Council Members so they can all review where that redistribution is taking place. He asked if that is possible. Director Strom stated that he believes we have that file available and will forward that to the City Council on Monday.

Councilman Donegan addressed the inclusion of the APRA (\$7.9 million). He questioned if that money would go away in 2024 and would we have to make up that \$7.9 million. He also questioned if including that money in the Operating Budget would create a structural deficit. Director Strom stated that it could be possible. We are going to get a considerable amount of money and we do not intend to use all that money in one fiscal year. Hopefully, we may not need it for revenue losses. He indicated that we are contributing 100% in this budget to OPEB and pension for our Police and Fire based on our actuarial report.

Mr. Dimaio asked if the City’s collection rate been consistent as previous years throughout the pandemic. Director Strom stated that at this level, it is at 98.9% for the last two or three years and our collection this year for the first three quarters of the year,0 we are at 88.3% and we are above where we should be in terms of percent.

Public Speakers:

Paula McFarland, 100 Pomham St., appeared to speak and stated that as to the revaluation, she indicated that you pull a permit in the City you also get re-evaluated every single year. For the City Council, for your constituents, if they do work on their home, they will see a tax increase not just based upon the revaluation, but also every time they do work on their home. There still is time for you to speak to the General Assembly about the revaluation and about using APRA money.

INFORMATION TECHNOLOGY

Director Strom stated that with him is Elaine Scungio, IT Director, to answer any questions.

Councilwoman Vargas asked for explanation on IT Upgrades. Director Strom stated that he spoke to Ms. Scungio and she indicated that we need these funds for our cybersecurity.

Ms. Scungio stated that the reasons for the increase in maintenance and fees from last year is:

- antivirus upgraded – the antivirus we had was not sufficient
- we went to a cloud page storage for our backups
- virtual environment was running out of space. This is a contractual monthly fee
- new website

Ms. Scungio also stated that every license and maintenance does go up every year. Other increase is to technology upgrade.

Councilwoman Vargas stated that if we go to in-person meetings and continue at the same time have public hearings virtually, she asked if there is additional equipment needed and would those funds go under the City Council budget or the IT budget. Council President Paplauskas stated that we are trying to get back into the Chambers as soon as possible. We have to do some upgrades, such as purchasing a television for hybrid model. The Purchasing Agent is working on that. We also have to find someone to help with the technology operation. As to the line items, he is not sure. We may have to create allocation for that in the City Council budget. Councilwoman Vargas asked what the annual cost is for current website. Ms. Scungio stated \$500 for cloud space and approximately \$3,500 for postings.

No one appeared speak from the public.

COMMUNITY DEVELOPMENT

Director Strom appeared to speak and stated that Timothy Sanzi, Director of Community Development is on the call to answer any questions.

Councilman Donegan questioned reduction of federal funds. Director Tanzi stated that that is not accurate. For 2021, the award was \$1,980,683 and in 2022, we were awarded \$200,000 more (\$1,128,262).

Councilwoman Vargas asked for list of projects in the pipeline and it be sent to the Clerk to be forwarded to the City Council.

No one appeared speak from the public.

BUILDING INSPECTIONS

Continued to April 12, 2021.

SENIOR SERVICES

Director Strom appeared to speak and stated that Steven Craddock Director of Senior Services, is present with him to answer any questions. He stated that this year some of the Expenses for 2021 are below budget a lot due to the pandemic. As to Revenues, we are expected to achieve Revenues based on grants and most all come in in the fourth quarter. Overall, the budget for this department is pretty much equal to what has been running last year.

Director Craddock stated that as far as Adult Day Services, we are working on a plan to get us back up to capacity. We are very optimistic that things are going to start to open up and will be able to expand our programs.

Chair stated that the vaccine clinics have run very efficient and is very proud of the operation.

Councilwoman Marino stated that “Part-Time Help” increase has more than doubled from 2020. She asked what the change is and why such an increase. Director Craddock stated that for “Programs”, we currently have one person in that role. As we start to reopen, we are kind of rebuilding from the ground up. We are also looking to expand into a more of an outreach program where we can start doing things offsite and bring some programs to the seniors where they live as opposed to having them coming to us only. So as we start rebuilding the program and adding new programs, he determined that we probably need more help in that department so we brought on more part-time help to assist in that role. He offset that by reducing the part-time help in Adult Day Care so we kind of shifted some money around because right now we do not think we are going to get full capacity until fall or winter for Adult Day Care Services.

Director Strom noted that “Part-Time” line item in Adult Day Care drops budgetarily by \$50,000.

Councilwoman Vargas stated that she sees “Part-Time Help” pretty much increasing. She questioned if some of the salaries or pay coming out of a little bit out of the Senior Services Administration, a little bit out of Senior Services Programs, a little bit out of Adult Day Care, Social Services or is that one part-time help in that specific Adult Day Care being taken out of that particular line item. Director Strom stated that usually, part-time is allocated by division. Director Craddock is changing a few things around, that is why part-time in one division is higher than another part-time in previous divisions.

No one appeared speak from the public.

Chair stated that due to lack of time, the following Departments will be continued the respective dates and the Clerk will forward a revised schedule to everyone:

- **Cranston Community Action Program (CCAP)** – continued to April 8, 2021.
- **Parks and Recreation** – continued to April 12, 2021.
- **Boards & Commissions** – continued to April 12, 2021.
- **Canvassing** – continued to April 8, 2021.
- **City Council** – continued to April 12, 2021.
- **City Clerk** – continued to April 12, 2021.
- **Probate** – continued to April 12, 2021.

The meeting adjourned at 12:01 P.M.

Respectfully submitted,

/s/ Rosalba Zanni
Assistant City Clerk/Clerk of Committees