

(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 Monday, February 6, 2023 in the Council Chambers, City Hall, Cranston, Rhode Island.

CALL MEETING TO ORDER:

The meeting was called to order at 7:00 P.M. by the Chair.

Present Councilwoman Aniece Germain
 Councilman Richard D. Campopiano
 Councilman Robert J. Ferri
 Councilman Christopher G. Paplauskas
 Councilman John P. Donegan, Chair
 Council Vice-President Lammis J. Vargas, Vice-Chair
 Council President Jessica M. Marino

Also Present: Anthony Moretti, Chief of Staff
 Kenneth Mallette, Tax Assessor
 John Verdecchia, Assistant City Solicitor
 Tom Zidelis, Finance Director
 Stephen Angell, City Council Legal Counsel
 Thomas Zidelis, Finance Director
 David DiMaio, City Council Budget Analyst (appeared via Zoom)
 Rosalba Zanni, Acting City Clerk
 Heather Finger, Stenographer

MINUTES OF THE LAST MEETING:

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

I. COMMITTEE BUSINESS MATTERS CARRIED OVER

- ***Tax Interest Waiver Approvals (Cont. 1/9/2023)***

Chair stated that this was discussed and he had numerous conversations with the Tax Assessor's Office, Administration and with Legal and at this time, he entertained a motion to approve.

On motion by Councilman Paplauskas, seconded by Council Vice-President Vargas, it was voted to recommend approval of this list of Tax Interest Waiver Approvals. Motion passed unanimously.

II. CORRESPONDENCE/COMMUNICATIONS

None.

III. PUBLIC HEARINGS* and/or NEW MATTERS BEFORE THE COMMITTEE

None.

A. PUBLIC HEARINGS

B. NEW MATTERS BEFORE THE COMMITTEE

- ***Motor Vehicle Tax Abatements***

On motion by Councilman Ferri, seconded by Council Vice-President Vargas, it was voted to recommend approval of this list of Tax Abatements as recommended by the City Assessor. Motion passed unanimously.

- ***Tax Assessment Board of Review assessed December 31, 2021***

No action needed.

- ***Tax Interest Waiver Approval***

On motion by Councilman Ferri, seconded by Council Vice-President Vargas, it was voted to recommend approval of this list of Tax Interest Waiver Approvals. Motion passed unanimously.

- ***Tax Interest Waiver Denial***

On motion by Councilman Ferri, seconded by Council Vice-President Vargas, it was voted to recommend approval of this list of Tax Interest Waiver Denials. Motion passed unanimously.

Councilman Donegan:

- *FY23 Midyear Review*

Director Zidelis stated that as of an outside third party observer's review, in terms of the Mayor's FY 2023 Budget, he made a generalization that the construction of the Budget was in line with Revenue estimates at the time and expenses at the time to include, unfortunately, some separation of employees. The Budget, as it stands right now, is in line with anticipated Revenues and Expenses that one would expect for FY 2023 through half a year. To date, with the larger departments, nothing is jumping off the page in terms of the sharing of information between departments. The Capital Budget is predicated on estimates at the time. There are projects that are out there that are trending overbudget and what we are attempting to do with the respective department is realign project estimates and timing of certain projects and get the overall project back in line with the original project estimate so there are things that we are working on.

- *Exploration of Liability policy for the City*

Chair asked Director Zidelis, before he joined the City, in previous years, himself, at several points, and he believes Councilman Paplauskas might have mentioned it in previous meetings or perhaps even Council Vice-President Vargas, just the discussion about should exploring taking out some sort of liability policy for the City and what the cost benefit would be on that in terms of what the premiums would be. Former Director Strom had said that he would compile the necessary information to seek a quote. He said he was working with an agency and that never materialized into anything. He asked Director Zidelis if he thinks that that is worth something exploring from a simple cost perspective. Director Zidelis stated that, does he think the end result depending on what type of claims he is talking about, does he think the end result will have us securing certain liability claims, he does not think so, but to answer the direct question, we have actually compiled the information for that proposal. We are in the process of matching claims information with legal cost information so we have a segment of claims experience that we are going to furnish to a carrier to get their opinion and estimate of what the claims are. The work is currently being done and it will be pursued. What the final outcome is he cannot answer that right now.

Council Vice-President Vargas asked Director Zidelis if there is any way he can share that information once it has been compiled whether it is through an Executive Session or Open Session. Director Zidelis stated that he can't answer that question, but we can check with the Law Department for an opinion. Director Moretti stated that the answer is, yes, we will be happy to share, but they would like the opportunity to let this evolve. It is a work in process.

Chair asked if a month would be sufficient time to follow up on the status of this. Director Zidelis stated that to err on the side of caution, he asked for sixty days because they are going to furnish it to an agency who is going to come back with rates.

Chair asked that this item be placed on the April Finance Committee agenda.

- *Liability exposure for City contracted work*

Chair indicated that he discussed this with Director Moretti and this item can be removed from the agenda at this time.

- *Audit Update*

Director Zidelis stated that when it became apparent that the Audit would not be ready, after consulting with the Mayor's Office, we asked for an extension until this Friday, the 10th. In terms of an update, as of last Friday, the financials were out with the Auditor's Internal Quality Control Division for review. As of today, Quality Assurance came back with a few comments that Marcum is addressing. We do not know what the comments are, but as of right now, he believes that the Audit should be ready and filed this Friday. Chair asked Director Zidelis if he knows what the general nature of the comments are. Director Zidelis stated, no, the e-mail just stated that there were comments, but did not specify what the comments were. Chair asked if there is anything on the City side that we need to do to facilitate the completion of this Audit or is it more or less in the hands of Marcum to complete. Director Zidelis stated that he is assuming it is in the hands of Marcum because they did not request any more information from us. Chair asked that Director Zidelis and the Mayor's Administration continue to keep the Council abreast if there are any further developments. Director Zidelis stated that since the first day he started that has been the directive from the Mayor's Office and they will.

Council Vice-President Vargas:

- *City of Cranston Property Revaluation*

Council Vice-President Vargas stated that as everyone is aware, letters went out to thousands of residents and she actually had a meeting with Director Moretti and Finance as well as Tax Assessors and she received calls and a few e-mails and she thinks it is important for the Council to understand the process of revaluation and the fact that there are two different types of revaluations and she believes one of them is the statistical and the other is a full revaluation in the City, which the full revaluation happens every nine years and the statistical is every three years. She asked that the Director provide the Council with full background on this. Director Moretti asked Director Mallette, Tax Assessor, to speak on this issue and answer any questions. Director Mallette stated that working in other Municipalities in the position of Tax Assessor, he has been through the ups and has been through the downs. He understands the practice and the policy of a revaluation. Revaluation companies know him, they respect him as far as he knows. He will be watching over everything they do. As far as values, it is too early in the process to even start discussing what the values are going to do and what is going to happen. We have a whole year from where we actually set our values. Values are as of December 31, 2023 so we are only in February. We have along stretch to go. We do not know what the market is going to do. His colleagues that had the revaluation delayed did not know what the market was going to do. Those that had it delayed, there was a cost. There is an additional cost over and above what it currently costs us. We signed a contract for a little under \$1.4 million with Vision. That is with the City providing support staff. We are also going to be handling all the building permits and all the sales verification, which kept the cost down. \$1.4 million is not a lot of money for a full revaluation. Full revaluation, they visit every property, they verify the measurements when they can get in the backyards. Vision will be knocking on the door or ringing doorbells.

If no one answers, they will proceed to take outside measurements. If someone answers and says they do not want them on their property, they will leave. They will ask to do an interior inspection, but it is not a requirement. In the Summer, the homeowners will be receiving a data mailer. The mailer will have the pertinent information that we are valuing their property on. The taxpayer will be asked to check the data. If there is an error, they contact us. If necessary, we will then go and visit the property by scheduling an appointment with the owner to correct any information. This process will be advertised and we will be communicating with the taxpayers as we did with the first letter that was sent out. All the people working on the revaluation, including himself and his staff, all have identification all the cars are given to the Police Dispatch so they know whose cars, who the people are, background checks have been done on everybody, they will have a letter from the Tax Assessor's Office, if they work for Vision Appraisal, that will introduce them to the taxpayer. This is going to be as easier process as we can make it. Revaluations are Revenue neutral. They are not to gain any tax dollars. Tax dollars are raised through the rate not through the revaluation.

Council Vice-President Vargas asked for explanation between statistical revaluation for the three year and nine year. Director Mallette stated that when we do our interim revaluation, which would be the third and the sixth year, those are statistical. Those are strictly on sales that have occurred over a certain period of time, usually a year to a year and a half. Property values are updated according to those statistics. The nine years is a full, that is a full measurement list where we visit every single property and we go above and beyond to make sure that all of our data is correct.

Councilman Paplauskas asked when the valuations will be sent out and will it be a month prior to the revaluation. Director Mallette stated that we will be notifying all of our taxpayers in February or March of 2024 of what the valuations are. At that time, everybody will receive a valuation letter. That letter will tell the taxpayer how they have to proceed if they do not agree with the value. The first part of that would be an informal review with the revaluation company. If they get an adverse answer back from the revaluation company or an answer that they do not agree with, they have the right to appeal. The appeal procedure is after they receive their tax bill, they have ninety days to file an appeal with the Tax Assessor. The Tax Assessor has 45 days to answer that. If they still feel they are adversely impacted, they have the right to appeal to the Board of Review. The Board of Review has to accept the application and notify them within thirty days of when their hearing is. They can get an answer from the Board of Review. After that, they can appeal to Superior Court if they still do not agree.

Councilwoman Germain stated that a lot of people associate revaluation to an automatic tax increase. She asked if that is correct. Director Mallette stated that revaluations are only to disperse the value fairly.

- **Adjournment**

The meeting adjourned at 7:40 p.m.

/s/ Rosalba Zanni
Acting City Clerk