

TOWN COUNCIL MEETING  
March 24, 2014

2014-2015 Budget Presentation

Manager Hoover presented proposed budget for fiscal year 2014/2015. He stated that while the economy continues to grow nationally, it is at a much slower pace than last year. The second of two housing projects is underway in the rehabilitation of two old mill properties in Coventry, along with a major housing project on New London Turnpike, which is expected to start this year. Not much encouragement or support is coming Coventry's way from Governor Chafee's budget and it remains to be seen what affect the General Assembly's actions this session will have on local communities. Once again the Town's operating budget has been prepared with anticipation that the General Assembly's review and approval of the State budget will not have a negative impact on our proposal.

The recent statistical revaluation has resulted in much lower property values town wide. The total valuation of the Town has decreased from \$3,558,316,885 to \$3,341,973,076 which is a total loss in value of \$216,343,809. At our current tax rates, this will produce \$61,267,209 in tax levy. I am recommending that the residential tax rate be set at \$20.377 per thousand in valuation and the commercial tax at \$24.599 per thousand in valuation in order to maintain Town services. This represents a proposed tax rate increase of 1.96% for this coming fiscal year.

The largest impact to expenditures is the continually growing pension liabilities' annual required contributions (ARCS) and the increased cost of education. The cities and towns in Rhode Island that administer independent municipal pension plans, such as Coventry, were required to submit an experience study performed by our actuaries to the State Locally Administered Pension Plans Study Commission by April 1, 2012. This is the result of 2011's Retirement Security Act approved by the General Assembly. The Commission determined which of these plans were in "critical status". Plans that are in critical status were those that are under 60% funded. Both the Coventry Police Officers Retirement Plan and the Coventry Municipal Employees Retirement Plan are in this "critical status" category. Plans in "critical status" were required to submit a plan by November of 2012 that projected the payment of the Annual Required Contribution (ARC) within five (5) years. The Town of Coventry's Financial Improvement Plan that was submitted in November of 2012 projects the payment of the full ARC within (4) years, moving from critical status within nineteen (19) years for both plans, reaching 80% funding in the Police Officers' Retirement Plan in twenty-four (24) years and the Municipal Employees Retirement Plan in twenty-six (26) years. This requirement exerts a great burden on the municipal budget, with yearly 20% increased ARC payments until 2016 when we will be paying 100% of our ARC. Consequently, I am increasing our ARC payment in fiscal year 2014/2015 by \$968,421, the 20% increase over last year. This required payment is very important to maintaining or improving our bond rating.

The School Department has requested an increase in their overall general fund budget of \$1,582,077. This is the result of some reduction in what State aid they expected, an increase in State pension contributions, an increase in out of district tuitions, an increase in statewide special education transportation and an increase in healthcare. Due to the aforementioned Town budget requirements, I am unable to recommend an increase in the school funding for FY 2015, resulting in no increase in the "Maintenance of Effort".

Health care costs are also an impact to expenditures. They are expected to increase by 11% to 15% on average. We must address solutions to these rising costs. We are exploring if switching the Town's Health Care Administer from WB Community Health to The Rhode Island Interlocal Risk Management Trust will save on health care costs.

Because of the above cost drivers, a tax increase of 1.96% will be necessary. With this recommended increase we will be able to continue the level of services we now provide to our citizens.

The subsequent amount of tax levy for next year is capped at \$67,131,030 by statute. The motor vehicle exemption is recommended to remain at \$500 per vehicle. I continue to project a 99% collection rate on our property taxes. This goal continues to be achieved during the current fiscal year.

In addition to providing the spreadsheets and breakdowns for each Town department in this proposed budget, narratives are included for your information. Position listings are also part of each department. The School Department's proposed operating budget is also shown within this document.

The recommendations in this proposed budget will maintain all permanent positions within the Town budget. The Town's contingency fund is proposed to be \$100,000.

The recommendations maintain the current level of authorized strength within the Police Department and their supporting costs, currently 57 officers.

In the Department of Public Works, costs to the department continue to be assisted by charging residents for the disposal of such items as mattresses, box springs, white goods, and tires. In the past, these represented higher disposal costs to the Town. An expected implementation of an automated refuse/recycling program will hold down collection and disposal costs while providing for replacement of deficient solid waste collection vehicles.

Past adjustments to fees in the Parks and Recreation Department have helped to maintain the services they provide to the public. Youth summer camp is maintained for seven (7) weeks at five (5) days per week .

Important to the FY2013/2014 budget and beyond is collective bargaining with our two Town unions; the International Brotherhood of Police Officers (IBPO), Local 306 and the American Federation of State, County and Municipal Employees (AFSCME) Council 94, Local 3484. We approved a new contract with AFSCME this past year which will extend to June 30, 2016. Since all testimony and briefs have been completed in the interest arbitration with the IBPO, we are awaiting a decision from the Arbitrator over their collective bargaining agreement which expired on June 30, 2012. This arbitration decision, which only covers one (1) year from July 1, 2012, is expected to be received any day now and may require adjustments to future budget discussions.

I am recommending no new capital improvements outside of the operating budgets this coming fiscal year. However, the budget document shows a listing of capital requests from departments so that you may see the needs that exist. The needs are many and it may be worthwhile to ultimately place a bond issue before the voters to determine if there is support for providing the necessary equipment and facilities necessary to continue to provide essential services to them. Previously approved capital improvements will be completed within the Town.

The School Department plans to complete the School Bond work that they started last year. Fair Share Impact Fees will continue to be used, as available, in pertinent Town Departments and the School Department.

With the funding of this budget I am again recommending that all remaining general fund balance in excess of 10% be proportionately dedicated to our pension liability for our municipal and police pension funds. This only amounts to \$265,077 this year.

I must continue to remind you that this budget document is a start, not an end. The annual budget is a plan that is adjusted throughout the year. It is meant to be a flexible document. I look forward to discussing this proposed budget with the Town Council, the School Committee and the citizens of Coventry in the upcoming work sessions, public hearings, and financial town meeting, as shown on our budget schedule.

Councilman Laboissonniere had particular line item questions in individual areas and requested a comparative with last year's budget to see any differences. In addition he requested a breakdown of the expenses in the solicitor's department. He inquired on line item revenue projections with regard to using a four year average to project revenue, for instance the telephone tax, and believes revenue projections should be as accurate as possible.

In addition, he asked if any employee positions were added on the municipal side and Manager Hoover responded that the only one he could think of was a maintenance position in the public works department. There are currently a couple of vacancies but we are working on staying level funded.

Councilwoman Carlson raised some questions with regard to parks and recreation revenue and fair share development fees. Planning Director Paul Sprague explained those fees, that per state statute, it allows for a municipality to charge, at approximately \$7596 per dwelling unit, for a new develop within the community, because a new development brings with it certain needs. Per town ordinance, these fees are broken down proportionately between several town departments, with the school receiving the largest share.

She further asked about library fees and grants and state aid to libraries as well as information with regard to data processing. IT Director Warzycha explained that all lease and maintenance fees come from his budget.

She asked about safety incentives for employees, and Finance Director Thibeault responded that it is required by union contract and all AFSCME employees receive the incentive. Manager Hoover added the town has had success with it.

Vice-President McGee has concerns about capital and that very little has been done about those needs since he has been on the Town Council. Roads need to be maintained and equipment needs to be fixed.

Gary advised that there will be more work sessions and public hearings on the budget and urged people to attend.

#### TOWN COUNCIL MEETING

Present: President Gary Cote, Vice-President Kerry McGee, Councilwoman Carlson, Gregory Laboissonniere, Town Manager Thomas Hoover, Town Solicitor Frederick Tobin

Pledge of Allegiance led by Town Sergeant  
Moment of Silence  
Review of Emergency Evacuation Plan

President's Comments -President Cote asked that cell phones and pagers be turned to silent.

Approval of Town Council minutes of March 10, 2014.

A motion was made by Vice President McGee seconded by Councilman Laboissonniere to approve minutes. All voted Aye.

### SCHOOL DEPARTMENT REPORT

School Committee member Ann Dickson reported that the technology initiative contract was signed with Jacobs Technology, which will provide wireless infrastructure to all schools. We are able to install this infrastructure through a RIDE grant, allocating \$326,000 to Coventry. On Feb 11 a contract was approved to provide Chrome books to our students, supporting the full implementation of technology for the 2014-2015 school year. Two separate policies were approved supporting this initiative: "Bring Your Own Device Policy" and the "Digital Technology Acceptable Use and Internet Safety Policy".

NECAP assessments for math decline in proficiency and in math competency. In January five elementary schools started using Reflex Math and Gizmos, programs to accelerate the mastery of basic math facts and provide interactive simulations in science and math, with the goal of improving student achievement.

The Coventry Substance Abuse Task Force will host a meeting on April 10 at 7 p.m. in the Town Hall Council Chambers. A panel of speakers will share life changing experiences. On March 18 it was announced that five RI public schools were invited to represent RI at a regional conference on effective strategies for improving teaching and learning. Two of those schools are in Coventry, the high school and the middle school. We were selected because we have made significant progress in raising student achievement.

Finally, Ms. Dickson announced that Kathryn Tancrelle, Hopkins Hill Elementary Principal, was named RI Association of School Principals Outstanding Principal of the Year.

### CONSENT AGENDA

1. Discussion and resulting action regarding the reappointment of the Town Manager to the Municipal Employees Pension Board

A motion was made by Councilwoman Carlson seconded by Vice-President McGee to approve resolution. All voted Aye.

### LICENSES

1. Application for peddler license by Alex Arteaga for Pelagis Ice Cream (ice cream truck).

A motion was made by Vice-President McGee seconded by Councilman Laboissonniere to approve license application. All voted Aye.

2. Application for peddler license by Jo Ann Miller for Jo-Jo's Cupcakes (cup cake truck)

JoAnn Miller, 73 Isle of Capri Road explained that she will sell from a cupcake truck. She explained that she will not be driving through the neighborhoods of the town, but will do private functions, farmer's markets, fairs, festivals. It is a fully functional truck equipped for cooking on it. She has met with the fire marshal and has liability insurance.

A motion was made by Councilwoman Carlson seconded by Vice-President McGee to approve license. All voted Aye.

## RESOLUTIONS

1. Discussion and resulting action on naming the Coventry Fire Alarm Building after former Coventry District Fire Chief Stanley J. Mruk

Councilwoman Carlson was contacted by a constituent who advised her of the history of Chief Mruk, his career and all he has done for the town including his long and illustrious career with the fire department. She thought this would be a way to thank him for his service.

A motion was made by Councilwoman Carlson seconded by Councilman Laboissonniere to approve resolution. All voted Aye.

2. Discussion and resulting action regarding the award of a contract to Sandy Motors of Coventry, RI for the purchase of two used 12 passenger vans for the Department of Human Services at a cost of \$36,000 in Community Development Block Grant funds

Human Services Director Pat Shurtleff explained that her department has four vans primarily used for transportation of the elderly and disabled. We applied for two new vans through the CDBG grant and received a grant of \$36,000 for two vans. Sandy Motors submitted a bid for a 2009, 12 passenger van with 64,000 miles for \$16,060. DPW will conduct an evaluation on the fan. However, the grant was for two vans and Sandy Motor is in the process of looking for another one.

Vice-President McGee noted a typo on the resolution whereby the grant is for \$36,000, the cost of the van is \$16,060, therefore the remaining balance doesn't add up. (Should be \$19,940 remaining rather than \$9,940).

A motion was made by Vice-President McGee seconded by Councilwoman Carlson to amend resolution and also approve no more than \$36,000 for the purchase of two vans. All voted Aye.

3. Discussion and resulting action supporting House Bill H 7944 in the State General Assembly providing distressed fire districts with financial assistance through the appointment of a fiscal overseer, budget commission, or receiver, i.e. the Fiscal Stability Act

Manager Hoover gave history of the situation with Central Coventry Fire District and how we arrived at this point tonight, beginning in March of 2013 when they met for the first time. All districts were represented in the meetings, however, collectively they did not want to meet in public, but in closed session. Because closed session cannot contain a quorum of any body, only the president and vice-president of the Town Council participated in meetings. After many meetings, five options were discussed pertaining to liquidation and Manager Hoover summarized each one. One option which was discussed from the beginning was to carve up the Central Coventry district between the other three fire districts. The split pertaining to Western Coventry was for their border to move a bit further east, but not by a large amount. The other portion of Central Coventry would be split between Hopkins Hill and Anthony.

There was a discussion of a town "take over" plan; another making a single district under one single command. There was also a proposal for the Central Coventry task force plan, being championed by Representative Pat Morgan. In that plan, essentially the district would be dissolved, medical services would be given to a contractor and there would be fire suppression contract for some personnel (the main fire district) and this district would also depend on the other three districts. From that meeting and the two successive meetings, there was much criticism of that plan by the other districts. Also, the governor didn't speak very favorably of it either.

Finally at the last meeting, there was talk of a bill being submitted under the Fiscal Stability Act, where the state takes over distressed cities and towns. At the meeting with the Governor, I asked if this bill was approved and filed, would the governor sign it and he said he would. A majority of all the fire districts were in favor of the fiscal stability act, and that same day the leadership of the house submitted the bill. The "carve up" plan and the Fiscal Stability Act at this time are still on the board, but the majority of people in these meetings want to follow the FSA. Reps. Morgan and Senator Kettle are supportive of the task force plan, but the others all indicated they would like to have a resolution considered by the Town Council. If approval given to this resolution, it would help to serve the municipal government committee of the House, who will be hearing this shortly.

It was indicated in discussions with Receiver Land that if the Central Coventry Fire District would continue operating under control of the FSA with an overseer or budget commission, members would include the Chairman of the Central Coventry Fire District, fire chief and three members appointed by the State Director of Revenue. Then the cost of running the operation would be around \$5 million. However, if liquidation occurs it would cost some \$11 million more because of the liabilities that would accrue on such things as the collective bargaining agreements, MERS obligations, and other liabilities. It was indicated that if the FSA methodology is implemented it could be a savings to the citizens of the Central Coventry Fire District of about \$11 million.

That resolution is before us, as was required by the majority of House members. If approved, the State will move on this and probably formulate a budget commission.

President Cote added that Receiver Land said that liquidation would create an \$11 million debt that the citizens of the Central Coventry Fire District could be responsible for. We did accomplish creating a "carve up" plan with boundaries and if FSA doesn't work, we have the carve up plan to fall back on. IF the FSA doesn't work, it may create a smoother transition to the carve up plan. Liquidation would mean having to get rid of everything. But the Judge made it very clear that it is up to the legislators and the town of Coventry to find a resolution to the problem. We have a chance to save the taxpayers \$11 million moving

forward.

President Cote added that as a result of this plan, an estimated \$6 million that would be owed to MERS goes away. The firefighters would continue to work and pay into that system. Secondly, the judge ordered that he did not have the authority to affect the CBA within the fire district. The taxpayers may still be responsible for the remainder of that contract (\$5 mil). If they continue to work, the taxpayers will still get service. If FSA does not work, it may qualify the district for bankruptcy. Councilwoman Carlson is concerned about the \$300,000 owed to the town by Central Coventry and when the town would see that paid back. She also asked who would decide whether or not there will be a supplemental tax. What happens with Bill 3050?

Senator Leonidas Raptakis indicated this is just a tool to try to balance the budget. On September 1 a new fiscal year begins for the fire district. My hope is that the budget commission comes in and balances the budget. I personally do not want to see a supplemental tax. Senator Kettle agrees with me there should not be a tax increase before Sept 1. The budget commission is supposed to reduce the costs of the district. We are hoping that this will take us in the right direction. He also believes that fire districts should have to adhere to bill 3050. President Cote agrees.

Senator Kettle has concerns with the FSA, in that it would create a budget commission that could come in and impose supplemental taxes. There could be implications to the taxpayer with the FSA. There will be public hearings and they need to get costs in line, but I think you would be better off with a receiver.

Councilwoman Carlson asked if the taxpayers will know what the budget commission is up to, doesn't want to see taxation without representation, and whether approval is needed for this resolution to move forward. Manager Hoover said that the state would probably go forward without the Council's approval; Senator Raptakis again stated that there will be public hearings and he will ask that they be held here in the Town Council Chambers.

Mrs. Carlson inquired how long before hearings began and a decision is made to put the budget commission together. Senator Raptakis replied that there has to be a Senate Finance Commission meeting, then transmittal to the House for approval. You are all invited to testify at the public hearings. The leadership can decide to move quickly, within a couple of weeks. If the General Assembly passes this and the state imposes the FSA, liquidation will be stopped.

A motion was made by Vice-President McGee seconded by President Cote to approve resolution. Vote taken: Vice-President McGee – Aye;  
President Cote – Aye;  
Councilwoman Carlson – No;  
Councilman Llaboisonniere – No.

Motion fails to pass.

4. Discussion and resulting action approving a settlement agreement regarding property taxes with the Walgreen Company located at 875 Tioque Avenue

Solicitor Tobin explained the reason for and the terms of the settlement agreement, which is the result of two tax appeals, one for 2012 and one for 2013. They have been to Superior

Court for the 2012 case and in front of the Assessment Review Board for the 2013 case. The proposed settlement would settle both claims.

A motion was made by Councilman Laboissonniere seconded by Councilwoman Carlson to approve settlement. All voted aye.

5. Discussion and resulting action awarding a contract for the Pawtuxet River Stabilization Project to the Cardi Corporation at a cost of \$2,700,000 to be financed by a grant from the US Department of Agriculture Natural Resources Conservation Service (NRCS) and the owners of the Concordia and Anthony Mills' properties

Manager Hoover advised that this project is at no cost to the Town, it is a grant mainly from the NRCS. However, the town had to sponsor the grant. There is a match, but the owners of the two mills have agreed to pay the match. The successful bidder is Cardi Corporation and it is recommended that council approve the award of this contract so that the work can be done. This all resulted from the floods of 2010. Manager Hoover told of the work to be done to the very historic building and tower, which will also secure the banks at Concordia.

A motion was made by Councilwoman Carlson seconded by Councilman Laboissonniere to approve resolution. All voted Aye.

PUBLIC HEARING

1. New Class B Ltd. liquor license application by David Simas for Madeline's Family Restaurant, LLC, 915 Tioque Avenue

A motion was made by Vice-President McGee seconded by Councilwoman Carlson to open public hearing. All voted Aye.

Mr. Simas was sworn in by Solicitor Tobin.

David Simas, 165 Lakehurst Drive told Council that he currently has BYOB, and wants to remain that way, but also have a B Ltd. License so that he has the ability to sell wine.

Solicitor Tobin remarked that he spoke with Mr. Louis DeQuattro of DBR with respect to this issue. (Refer to Mr. Tobin's memo) There are no licensing requirements for BYOB.

Mr. Simas said that all of his employees are alcohol server trained. Chief Volpe sees no issues in approving this license.

A motion was made by Vice-President McGee seconded by Councilwoman Carlson to approve Class B Ltd license, subject to proof of alcohol server training. All voted Aye.

PUBLIC COMMENT

Alex Arteaga, Pelagis Ice Cream, again requested that the town consider his request to sell from town property.

Patrick LaSalle, 180 Acres of Pine Road, is responsible for the tennis programs in town. He would like the town to support the tennis programs and invited Council to a demonstration program at Paine Field on April 26 at 10:00 a.m. You are all invited to come and pick up a tennis racket. We are also beginning an "OWLS" program for the older population, trying to make more programs available to the townspeople.

Nicholas Gorham, 7042 Flat River Road, spoke pertaining to a Notification to Apply for District 5 Town Council Vacancy, which was posted on the town website, asking for candidates to apply if they are **not** interested in running for the seat in November. Mr. Gorham felt the notice was exclusive, as it is asking for people to apply for the seat, only if they are not interested in running for the seat in November. You have eliminated and excluded people for the interim seat who want to run in November.

Ken Jackson, 2799 Harkney Hill Rd., remarked that the posting for the human services vans didn't give bidders enough time to bid. He also commented that there are two separate parties on the Town Council, but it is turning into a dictatorship. .

Joy Martin, 17 Driftwood Drive, has questions on the process of the Fiscal Stability Act and would like to see a forum held where questions could be asked and the townspeople would find out the total implication of how they would be affected.

Tammy Duxbury, 2 Orchid Trail, views the Notice of Vacancy, which is on the town website, as a personal attack. The Charter states that you have to be a qualified elector to fill that vacancy and even though I don't expect that I will get this appointment, I wanted to make a statement and submit my letter and resume regardless.

Nancy Sullivan, 6 White Oak Court, spoke regarding the vacant seat in District 5 and believes that the Notice posted on the website is an insult for the district, as it is a discriminatory political statement. If someone applied and was appointed to fill this vacancy, you cannot stop that person from running for election in November.

Ellen DeWolfe, 15 Catalpa Way, pointed out that Ms. Duxbury has outstanding and impeccable credentials. Party labels should be put aside and this problem should be solved.

Attorney Gorham asked Solicitor Tobin if he condones this type of message/notice to the public and whether it is legal, per the Charter, to exclude people who want to run. Solicitor Tobin responded that he has given his opinion with respect to filling that vacant seat. Please don't read something else into my opinion. The Town Council is the determinate body to make the decision as to how to fill that seat.

Attorney Gorham stated there is a big question mark as to who can apply. You have had a chance tonight to clarify this, and you should.

Irene Drew, 23 Catalpa Way, feels that District 5 is unrepresented. This is an insult and you owe the taxpayers of District 5 an apology.

Charlotte Porter, 26 Sandra Circle, stated that she is unrepresented and who should she call if she has a problem. President Cote replied that she should call the Police Department.

Carl Mattson, 72 Hunters Crossing, agrees that the notice looks like discrimination, and he has received numerous comments with regard to it. He also believes that a special election should be held in District 5.

Ron Gizzarelli, 55 Harrington Road, 55 Harrington Road, is upset about Central Coventry Fire District. Before we make any decisions on the fire district solution, there should be some kinds of workshops or meetings with the public. There are too many loose ends in the proposed legislation.

Michael Gratton, 94 Wisteria Drive, submitted his name for the vacancy in District 5.

A motion was made and seconded to adjourn meeting. All voted Aye.

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Town Clerk