

Town Council Meeting  
April 22, 2013

WORK SESSION - Presentation and Discussion of Fiscal Year 2013/2014 Budget

Present at work session were Councilman Laboissonniere, Councilwoman Carlson, Vice-President Kerry McGee, Councilman Ted Jendzejec, President Gary Cote, Solicitor Tobin and Manager Hoover.

Manager Hoover explained that tonight's work session is actually a postponed hearing from April 8, which at the last minute had to be postponed due to an error found in calculations. Manager Hoover's FY 2013/2014 budget message, dated April 18, 2013, is included below:

"I am pleased to present to you the Budget for fiscal year 2013/2014. We have seen a slight upswing of the economy lately. Recent housing projects and rehabilitation of old mill properties in Coventry has sparked exciting future expectations. Governor Chafee has again proposed several initiatives in an attempt to stabilize local budgets. It remains to be seen if the General Assembly will accept the Governor's proposals. 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.

Lower property values appear to be the expected continuing result of our current property revaluation. The total valuation of the Town has increased from \$3,525,429,663 to \$3,557,719,637 which is a total gain in value of \$32,289,974. At our current tax rates, this will produce \$62,845,588 in tax levy. I am recommending that the residential tax rate be set at \$18.69 per thousand in valuation and the commercial tax at \$22.52 per thousand in valuation in order to maintain Town services. This represents a proposed tax rate increase of 3.5% for this coming fiscal year.

The largest impact to expenditures has been the growing pension liabilities. 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 last year'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 last November 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 will exert a great burden on the municipal budget, with increased ARC payments over these periods of time. I am recommending increasing our ARC payment in fiscal year 2013/2014 to \$3,743,810, a 25% increase over last year, ahead of the Financial Improvement Plan schedule, due to the uncertainty of Police arbitration and a need to maintain or improve our bond rating. It is also necessary to continue to discuss Pension Reform at the bargaining tables with our unions and retirees.

We also must address cooperative solutions to rising health care costs. Only with cooperation in these important areas will we be able to continue the level of services we now provide to our citizens. Health care costs are expected to increase by 3% on average. The escalation of fuel prices has also adversely affected expenditures as well.

The School Department has requested an increase in their overall general fund budget of \$400,000. This is the result of state mandates placed upon them this year; \$300,000 for technology and \$100,000 to reopen Oak Haven School. I recommend that only the additional \$300,000 be part of "Maintenance of Effort", while the \$100,000 for Oak Haven is non-reoccurring. The debt issuance and initial debt retirement cost of their School Improvement Bonds approved by the citizens of the community in November 2012 is \$386,000 for FY 2013/2014.

Between these costs, the necessary pension Financial Improvement Plans' cost and less major adjustments, a tax increase of 3.69% of the allowable limit will be necessary. The recommended tax increase considers assistance of applying property value growth to the equation to maintain existing services.

The subsequent amount of tax levy for next year is capped at \$64,820,717 by statute. The motor vehicle exemption is recommended to remain at \$500 per vehicle. I have increased our collection rate on our property taxes by .5% to 99.5%. This goal is achievable based on historical data.

In addition to providing the spreadsheets and breakdowns for each town department in this proposed budget, I continue to provide narratives for all departments for your information. 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 \$105,000.

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

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.

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.

An increase of \$125,000 in the Information Services budget will provide a necessary replacement of outdated and obsolete computer servers currently in use by the various Town departments. It also provides necessary help by extending a part time IS person in the Library to full time, assisting the IS Director on a half time basis. Half of the full time salary is paid by the Library State Assistance Grant.

Important to the FY2013/2014 budget and beyond is collective bargaining with our two Town unions; the International Brotherhood of Police Officers, Local 306 and the American Federation of State, County and Municipal Employees Council 94, Local 3484. We are close to

achieving a new contract with AFSCME – Council 94 and currently in arbitration with IBPO over their agreement.

I am recommending no capital improvements on the Town side of the budget this coming fiscal year. The School Department has requested a capital improvement budget of \$156,000 for fiscal year 2013/2014. I recommend that noted fire code upgrades be financed by their new bond proceeds or their share of impact fees and that school security and technology infrastructure be funded within their share of impact fees.

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.

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.”

In further explanation, Manager Hoover advised that in the initial budget presentation on March 25, we projected a 2.5% tax increase. Actually, it is now at 3.5% in order to maintain existing services. This increase represents about 3.69% of the allowable 4% limit. Since March 25, we have increased our projected collection rate on revenue from 99% to 99.5%, as our actual experience has been to collect 99.5% for the last couple of years.

Our pension improvement plan that we currently have in place with the state would increase our ARC payment by \$910,000 this current year, which is about a 32% increase.

Non-school debt service has increased about \$608,166, which has been converted to long term debt, however, when you take cumulative department budgets, we have actually decreased department budgets by about \$50,000.

I am requesting that we put 1.9 million this year into the pension fund liability, which is a \$700,000 increase over last year. The school department has indicated that they need \$400,000 more to fulfill their request.

Finance Director Ted Przybyla discussed fund balance calculations (see power point presentation), including references to the town’s audit report and calculations arrived at by Moody’s.

There was discussion related to impact fees expected to be derived from the Harris Mill project, what the school portion should be (about \$92,000) for capital improvements; Councilman laboissonniere had additional questions with reference to the town’s audit report. Finance Director Przybyla will research and get back to him with answers.

Manager Hoover further explained the adjustments which have been made to the budget since the March 25 work session. President Cote regretted that administration failed to recognize an error before the budget went to the public where the public was informed of a 2.25% tax increase. In fact, that has been changed to a 3.5% increase and puts the Town Council in a situation where we look like we have egg on our face.

Councilman Jendzejec questioned motor vehicle taxes remaining the same while the town is raising residential and commercial rates. Manager Hoover recommended motor vehicles stay at the current rate, no more than \$500.00, but he will look into further. President Cote added that Coventry went directly to the maximum of what the state allowed.

Motion made by Vice-President McGee seconded by Councilwoman Carlson to adjourn work session. All voted Aye.

### TOWN COUNCIL MEETING

Present: President Cote, Vice-President McGee, Councilman Jendzejec, Councilwoman Carlson, Councilman Laboissonniere, Town Manager Thomas Hoover, Town Solicitor Frederick Tobin

- Pledge of Allegiance
- Invocation by Councilman Jendzejec; Moment of Silence for Bill Hall, who recently lost his battle with cancer and also for victims of the recent Boston Marathon bombing.
- Review of Emergency Evacuation Plan

### President's Comments

President Cote commented on the wonderful job law enforcement provided during the recent Boston Marathon bombings along with the leadership shown by the city of Boston in bringing people through this ordeal. Additionally, he remarked on the recent passing of Bill Hall, former Town Council member and Sewer Subcommittee Chairman, and announced that his wake will be Wednesday night with the funeral on Thursday morning.

### Minutes from Town Council meeting March 25, 2013

Motion made by Councilman Jendzejec seconded by Vice-President McGee to approve. Vote taken: 4 Aye; 1 Abstain (Councilman Laboissonniere was absent on March 25)

### SCHOOL DEPARTMENT MONTHLY REPORT

School Committee Vice-Chairwoman Judith Liner reported that the schools are in the process of planning a NECAP presentation. Additionally, the plan to re-open Oak Haven is progressing with a forum planned for Wednesday this week at 6 p.m. at the Town Hall Annex.

On Friday this week the teachers will have a professional development day and discussions will take place pertaining to implementation of Common Core Standards.

The Substance Abuse Prevention Committee tip line has been established for anonymous reports of substance abuse and bullying and the number is 401- 202-0193. The Safety and Security Committees continue to do an excellent job in ensuring our schools safety.

### CONSENT AGENDA

1. Application for Class F license by Greene Public Library on May 18 for wine tasting event

Motion made by Councilwoman Carlson seconded by Councilman Laboissonniere to approve Class F license. All voted Aye.

## LICENSES

1. Application by Paolo Casale for Hawker's license at 548 Tiogue Avenue for the sale of plants and flowers

Paolo Casale, 1830 Phenix Ave., Cranston appeared before Council. Mr. Casale is asking for a 90 day Hawker's license to sell plants and flowers at 548 Tiogue Avenue. Property owner Barry Blier, was also at Council meeting and verbally gave permission for Mr. Casale to use that location. Mr. Cote reminded Mr. Casale to be careful not to encroach on the main thoroughfare.

A motion was made by Vice-President McGee seconded by Councilman Jendzejec to approve Hawker's license. All voted aye.

## RESOLUTIONS

1. Reaffirming the acceptance of the Town Manager's recommendation to designate Proposal #1 in both Financial Improvement Plans for the Municipal Employees and Locally Administered Pension Plans Study Commission

Manager Hoover indicated that at the Town Council meeting on April 8, this Town Council *rescinded* the March 25<sup>th</sup> vote, where I wanted to verify the town's acceptance of my recommendation from November 2012 on a financial improvement plan for both the municipal employees and the police officers pension funds. This particular proposal was submitted as required by state law that was passed by the General Assembly requiring submission to the State Commission on Independent Pension systems. Actually, we formulated four proposals for the municipal employees and seven proposals for the police officers pension fund.

These proposals are plans, they can change, and they are solely dependent on collective bargaining or agreements with the effected groups. We are currently in collective bargaining with both the police and AFCME. We don't know what the results of the police arbitration is going to be, and while we are getting close with AFSCME, the contract is still unsettled. Our position is to closely follow Proposal #1, however, it really means that the town can't do anything unless we have an agreement with those affected, whether it be our bargaining units or the retirees.

The main reason I recommended Proposal #1 is that it would require some freezing of cost of living allowances, which would have a major impact on unfunded liability as we move forward in the future. But again, we can't just arbitrarily impose that without the agreement with all affected parties.

The past Town Council had chosen Proposal #1. We also indicated that we wanted to consider a defined contribution plan, in both bargaining unit agreements, for any new employees, basically an instrument such as a 401 (k), where we would match the employees contributions up to a certain percentage of gross pay.

Right now the police retirees are the only ones who would enjoy a cost of living adjustment. We do have a tiered system in the police department, whereby any officers that

were hired before July 1, 1994 and are retired receive a 2.5% compounded COLA; those hired after July 1, 1994 will receive a 1.5% non-compounded COLA when they retire. The first retirees of the post-1994 officers would not be eligible to retire until next year, in 2014, where some will reach the pinnacle of their career.

Again, we have used this position in both bargaining units, it is meant to hopefully reduce the current liability of the pension plan. The municipal plan is about 25% funded; police about 9.9% funded. While we are trying to save on the town side, we also are trying to protect the existing pension plans for all employees. I very strongly recommend a commitment to Proposal #1 and hope that the Council accepts the resolution this evening. Both the school and the town have taken the position that they do not have the liability of the school related personnel (SRP) plan.

Councilman Laboissonniere commented that Manager Hoover used the term “rescinded” when referring to the resolution; that is not true. The Town Council voted for reconsideration of the prior resolution. The reason that Mrs. Carlson and myself could not vote to affirm was that you were asking this Town Council to confirm what a previous council had approved. Councilwoman Carlson and I did not feel it was appropriate for us to confirm what a previous Town Council had done. Tonight should have been the vote to “reconsider” the resolution that had been approved on March 25.

Manager Hoover responded that Mr. Laboissonniere is correct. I thought the resolution before you tonight really would reaffirm the previous acceptance by the previous council and ask this council to do the same. If I am in error, I will refer to the solicitor. I think this resolution accomplishes what you want to do, one way or the other. Manager Hoover thinks an amendment to the language “rescinded”, would be acceptable, but it is important that we get on with this resolution.

Councilman Laboissonniere indicated that in the motion to reconsider, Councilwoman Carlson wanted to reconsider her vote on the resolution. Councilwoman Carlson added that nowhere in the minutes does it say specifically that Proposal #1 is the one you want us to vote on, so how can we reaffirm that? Manager Hoover commented that in his report to the council, the top paragraph on Page 3 specifically names Proposal #1 and the language specifically indicates Proposal #1, and I felt that made it very clear.

Solicitor Tobin recommended that the matter be tabled to the next meeting as a reconsideration of Proposal #1. A motion was made by Councilman Laboissonniere seconded by Councilwoman Carlson to table this issue and readdress at the next Town Council meeting. All voted Aye.

2. Confirming the Town Council's affirmative vote on Resolution 35-13-4354 authorizing the payment of up to three hundred thousand (\$300,000) dollars in the form of a loan to the Special Master of the Central Coventry Fire District

Solicitor Tobin explained the reason for confirmation of the affirmative vote on resolution number 35-13-4354 regarding authorization of payment up to \$300,000 to Central Coventry Fire District. With the pending court case that was going to close the district down on that Thursday, this resolution was prepared in order to keep the district open. A special meeting was called, as we have a provision in the Town Charter that requires 12 hours of minimum notice prior to a meeting. An announcement of the special meeting was made at the Town Council's regular meeting the night before and a copy of the notice was handed to each of the

council persons at that regular meeting.

In addition, President Cote announced the special meeting for the following night. However, a complaint was filed shortly thereafter with the Attorney General's Office, alleging a violation of the open meetings law, Section 42-46-6B, which requires a 48 hour minimum notice. As a result, the Council President asked that this matter be placed on the agenda for tonight.

Because we have two differing statutes with two different notice requirements, and we followed the Town Charter requirement, the complaint alleges we didn't follow the Open Meetings Act requirements. So the issue comes down to which law prevails. Rather than get into a protracted litigation on the issue, I suggested that the council simply confirm its' earlier action. Since the notice of tonight's meeting was more than 48 hours in advance, both the Open Meetings Act Provision and the Charter notice provision will have been complied with.

Council was then updated on progress that had been made with regard to Central Coventry Fire District and money which had been expended so far. Manager Hoover indicated that we have already loaned \$150,000. When asked about union concessions, President Cote advised that although he does not have a list in front of him, they have reduced staff and closed three stations in an attempt to save money. He indicated that one truck may be sold and fire district employees have agreed to work furlough days. Every indication I have is that the money for the bridge loan will last until the third quarter payments are due. When that money comes in, the Town of Coventry will be repaid for any money expended.

Representative Guthrie and Senator Raptakis both advised that Bill H5176 and S 855, which are identical, will be heard tomorrow. In addition, there is a backup plan, Bill S 856, in case of liquidation.

A motion was made by Vice-President McGee seconded by Councilman Jendzejec to confirm the affirmative vote on Resolution 35-13-4354. Vote taken: 4 Aye; Councilwoman Carlson votes no. Motion passes.

3. Authorizing the Town Manager to execute Environmental Land Usage Restriction document for property on Sandy Bottom Road

Mr. Lefebvre explained that this authorization is a requirement of DEM, restricting the site to the master plan of the environmental consultant.

Motion made by Vice-President McGee seconded by Councilman Laboissonniere to approve resolution. All voted aye.

4. Continuing land evidence records storage agreement

Information Technology Director Ed Warzycha explained this request for a 5 year extension of a sole source digitalization agreement. We went out to bid five years ago in 2008 when this system was initiated and are now asking to extend the contract. This involves the entire land evidence recording system in the Town Clerk's Office. Since its' inception, we have invested about \$400,000 and have added years of history to the system, currently digitalized dating back to June of 1976. Although there are a couple of other vendors who provide this service, most communities in the State of RI use ACS and it is a state approved vendor.

In addition, ACS has agreed to a monthly cost, in the extension agreement, which is \$150.00 a month less than our current contract. They will also provide additional work stations for public access, one for use by the tax assessor's office and new equipment to replace our current equipment. To switch vendors at this point would result in the loss of money and productivity. Payment of the monthly fees comes from a self-generating fund. A RI state statute provides that 10% of recording fees are placed into a special fund for document preservation and this funding pays for ACS system.

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

### PUBLIC HEARING

1. Ordinance Amending sub-section 97-8 of the Coventry Code of Ordinances regarding animal nuisance due to animal trespassing, howling, yelping, barking or causing nuisance noise and the keeping of chicken hens and providing for enforcement of same

A motion was made by Vice-President McGee seconded by Councilwoman Carlson to table ordinance in order to give the animal control officer more time for review. All voted Aye.

2. Amending Chapter 153 of the Ordinances of the Town of Coventry entitled "Licensed Businesses" regarding the closing hours for asphalt plants and cement plants

A motion was made by Councilman Jendzejec seconded by Councilwoman Carlson to table ordinance for further review. All voted aye.

### PUBLIC COMMENT

John Assalone commented that the town will soon be considering an ordinance regarding the control of animals. The town already has a noise ordinance, however, asphalt plants remain uncontrolled, making horrendous noises at 5 a.m. They should also be subject to a noise ordinance. Solicitor Tobin responded that the noise ordinance is limited in scope and doesn't speak to manufacturing, which is why Councilman Jendzejec is trying to expand the ordinance to include manufacturing.

Mrs. Fisher, 84 Lear Drive, has developed asthma, complained of odors and noise in the early morning hours.

Walter Lemek, 7 Lisa's Way, complained about noise and is concerned about health issues.

President Cote replied that until test results are complete, the Town Council doesn't have anything to act on. You can't punish a manufacturer where there is no proof that he has done anything wrong. If test results show any deficiencies, the Council will address it immediately.

Ellen DeWolfe, Catalpa Way, doesn't think the asphalt plants should operate without enforceable laws. Since March 28 there have been 17 complaints, 15 reported to DEM and two to the Coventry Police.

Deborah Pagano, 27 Catalpa Way, has been awakened at 5 a.m. due to the plant operating. She had the police department measure noise levels, but was told there was nothing they could do because of Mr. Tobin's legal opinion. Lack of sleep becomes a health issue with consequences.

Charlotte Porter, 26 Sandra Cirle, complained of noise at 5 am and odors. She has been diagnosed with asthma and other health issues.

Tammy Duxbury is concerned about property values resulting from the impact of the asphalt plants. There are people in Westwood Estates who can't stay in their homes due to health issues, and can't leave because their homes are not marketable. She disagrees that the Council's hands are tied in this matter and believes there will be consequences for the Town's inaction.

Randall Kelly, 19 King Phillip Road, commented that the Council should also look into the complaints from Westwood Estates regarding health issues. He is also afraid there is water pollution.

William Harsch, Esq., 2258 Post Road, stated that the plants are not on subdivided lots, but on one condominium lot. The Judge's order says that whatever is agreed to shall run with the land, and there is only one lot down there, so you might want to consider that. What applies to one may apply to the other.

Joan Gray, Lisa's Way, also raised issues of property values, smell and noise and has been kept awake on occasion due to noise. She has developed a cough and uses a mask when she works in the garden.

Ron Gizzarelli, 50 Harrington Road, thinks the Council is doing a great job. With regard to the proposed animal ordinance, he hopes the ordinance will cover language with regard to animal trespassing. There is a problem on some streets around Tiogue Lake, with dogs urinating on mailbox poles.

Councilman Laboissonniere asked about Mr. Miozzi's airport status. Solicitor Tobin responded that the Zoning Board approved the application with stipulations, some not acceptable to neighbors and some not to acceptable to Mr. Miozzi. Both sides are considering appeals to Superior Court and I don't know where it stands currently.

Motion made by Councilman Laboissonniere seconded by Councilman Jendzejec to adjourn meeting. All voted aye.

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Town Clerk