

SPECIAL TOWN COUNCIL MEETING  
Coventry Town Hall Council Chambers  
1670 Flat River Road, Coventry, RI  
June 4, 2007 – 6:00 P.M.

Present: Kenneth Cloutier, Anthony Colaluca, Justin Pomfret, Bruce Thompson,  
Frank Hyde

Town Manager – Richard Kerbel  
Town Solicitor – Patrick Sullivan

President Pomfret reviewed evacuation procedures.

PUBLIC HEARING

1. Ordinance amending Ordinance No. 7-02-1234 entitled “Permit Fees” providing a separate Schedule of Fees for Electrical Permits

Motion made by Frank Hyde seconded by Anthony Colaluca to open public hearing. All voted Aye. So voted.

Manager Kerbel explained that the purpose of this ordinance is to bring fees in line with surrounding municipalities. We are a slight bit lower and these are minor adjustments.

- Robert Crowe, 2 Deer Run

Mr. Crowe - Think this is a great idea. Council should take a look at other fees, feel they are low across the board.

Motion made by Frank Hyde seconded by Kenneth Cloutier to close public hearing. All voted Aye. So voted.

Motion made by Frank Hyde seconded by Anthony Colaluca to adopt ordinance. All voted Aye. So voted.

2. Ordinance amending Chapter 16 – Taxation

Motion made by Bruce Thompson seconded by Frank Hyde to open public hearing. All voted Aye. So voted.

Manager Kerbel explained that this ordinance resulted from the April 13 Special Town Council meeting. The Town Council asked that we adjust the income limits on the income portion of the tax freeze to accomplish two things: to adjust for the current year based on the consumer price index and to put an escalator clause in there so that the council doesn't have to revisit this each year.

The impact is that this will add about \$130,000 to \$150,000 more of exemptions to individuals who have submitted their income limit to the Tax Assessor's Office already. For those individuals who have just submitted paperwork stating that they are above the maximum and didn't submit information, we couldn't guess as to whether or not they will fall under the new maximum, which is \$45,531. Our anticipation in implementing this is that it is only for people who have applied this year, but if there are people who have just stated they are over the limit and submit information that indicates they are below the new limit and do this in enough time for us to prepare the tax bills, then we will give them the adjustment this year.

- Anthony Nardolillo, 10 Colby Drive

Mr. Nardolillo – At the special town council meeting I had expressed my concern over the gross household income. I think that it is not fair that a tax rate has to go up because of another person living with someone and helping them, which would be the same as a live-in nurse. Should be by the household owner, whoever is on the deed.

Manager Kerbel – Council had asked the solicitor to redraft the ordinance, and it is going to take some time. It is rather complex. There was an issue of household

income, businesses that are operated out of a home and how long you have to reside in a home to qualify.

- Bob DiPadua, 62 Laurel Avenue

Wish you would just take a look at the word “adjusted” in adjusted gross income, even if only for medical reasons. So many people have trouble paying for their medicine.

Solicitor Sullivan – Gross income is defined in Paragraph C, but we can certainly look at that.

- Robert Carlson, 21 Minda Lane

Agree income should be based on the name of the person on the deed. My brother lives with me, he has nothing to do with my house.

- Charles Vacca, 124 Fairway Drive

I voiced my opinion in April that this ordinance should be done all at one time.

Solicitor Sullivan – We wanted to get this portion done before the end of the fiscal year.

Motion made by Anthony Colaluca seconded by Frank Hyde to close public hearing. All voted Aye. So voted.

Councilman Hyde wanted to know exactly what will change.

Solicitor Sullivan explained the changes. Section 16-50, the old income limitations range from \$8,000 – \$37,500; the range now will be from \$9,713 to \$45,053.00. In addition, it will go up each year automatically according to CPI. Also, it clarifies that a person can have both the senior tax freeze and the income based.

Motion made by Bruce Thompson seconded by Kenneth Cloutier to adopt ordinance. All voted Aye. So voted.

#### Resolution establishing TIF district on Plat 96, Lot 25, 618 Main Street, Coventry

Mr. Hyde - Basically what this is about is establishing a TIF district. Am proposing this district and property across the street

Planner Paul Sprague said boundaries would be Harris Park, Harris Mill, Riverwalk Commons and Riverside Landing located on Main Street across the street from Harris Mill.

Mr. Hyde – Do we need some type of commission to be formed?

Mr. Kerbel – We are working with bond counsel to develop the pre-requisites for TIF. Need a redevelopment agency and bond counsel is developing the legislation to do that.

Mr. Hyde – I believe that it would be appropriate to table the resolution at this time until we have a redevelopment agency.

Motion made by Frank Hyde seconded by Bruce Thompson to table resolution. All voted Aye. So voted.

#### Resolution postponing tax sale of Plat 96, Lot 25, 618 Main Street, Coventry

Mr. Hyde – This is a portion of the TIF district. Feel we should be proactive and grant this small amount of relief, for a couple of months, so that they can get the financing complete.

Motion made by Bruce Thompson seconded by Frank Hyde to adopt resolution. All voted Aye. So voted.

Reconsideration of Proposed Budget for FY 2007-2008 and amending budget schedule

Manager Kerbel – I went over all the cuts that the council made at the May 21<sup>st</sup> meeting and gave the council a rather lengthy memo of those impacts. Was asked to prepare some budget changes, restoring the contractual and legal obligations of the town, increasing the total pension contributions from what was proposed from the town manager's proposed budget, preserving existing employees whose positions were eliminated by the cuts, and eliminating any new positions.

On various line items, the net impact of all of those changes is to increase the budget from what the council had adopted on the 21<sup>st</sup> by \$230,720. That would necessitate the council adopting a resolution which is attached to the memo I gave you.

It would change Section 1 to \$21,485,773; Section 2 (school) no change; and Section 3 number should be \$3,235,085 (no change).

President Pomfret – We were thinking about reconsideration because of the contractual obligations. Obviously there are rules to follow. I believe there is another way without backing up the FTM to get this \$230,000 back in place. I'm not willing to change my mind on the dollar amount of the proposed budget. Want to keep it that way but also find a way to add this money back in.

Mr. Hyde – What about the cell tower money?

Mr. Kerbel – We are in negotiations with two potential cell tower providers. We don't have signed contracts yet. If you are talking about revenue from the existing cell towers, the majority of those funds have been obligated. If you are talking about capitalizing a yearly revenue, it really doesn't make sense to take a future revenue and capitalize it with a one time payout.

Mr. Hyde – Of the \$230,720 is it all contractual?

Mr. Kerbel – The bulk of it is. Maybe about \$190,000 is contractual, and the remaining \$40,000 utilities. Contractual also includes existing employees.

Bruce Thompson – Would like to ask the Town Manager or solicitor what the impact would be in making these changes.

Mr. Kerbel - Will have to submit a new fiscal disclosure ad to the State Office of Municipal Affairs and have that approved. The Board of Canvassers would have to readvertise 30 days prior to the meeting, at 21 days prior would have to post a list of eligible voters. The school side is a little more complicated. They were planning their Job Fair on June 22. Would have to be delayed until approximately a week after the FTM because the School Committee has to adopt the budget after the FTM.

Mr. Thompson – Any positives?

Mr. Kerbel – My recommendation would be to adjust the changes as per the memo I sent you. Don't think it would be fiscally prudent to use up \$90,000 in contingency or reserves.

Mr. Cloutier asked Mr. DiPietro about the impact on the School Dept. if the FTM is held in July.

Mr. DiPietro – Would have to leave some people on lay-off. The impact would be a delay in the job fair, shortens the window of time for teachers to prepare for school.

Mr. Cloutier stated that he does not feel comfortable with zero contingency fund. Would like to see us delay the town meeting until July.

Mr. Colaluca – Would agree with Councilman Cloutier. Don't want to start the year off with a zero contingency fund. Feel best thing is to delay meeting.

President Pomfret – Right now it looks like contractual obligations are \$190,000, but in a budget over 89 millions dollars, it's hard for me to believe that the town cannot find \$190,000 to straighten out this problem without pushing back a meeting and causing problems for the school. (10 minute recess)

Mr. Cloutier – We spoke earlier of the transfer station fees, if we were to add the transfer fees back in, how much would that help?

Mr. Kerbel explained that may not help. You have adopted an expenditure limit on the municipal side that assumes zero dollars from the transfer station and zero from Johnson Pond boat fees, etc. If you said to me that you don't want to adjust the bottom line, which was what was advertised, you could still in July adopt fees for the transfer station. Even if you end up getting \$100,000 in revenue that we did not anticipate, it would mean no increase in the expenditure limit, revenue is not the issue. On the budget the primary action of the council and the FTM is to set the expenditure limit.

Mr. Cloutier – But it would help in the bottom line at the end of the fiscal year.

Mr. Kerbel – If we are exceeding our revenue estimates, you might say to us, well, call a special financial town meeting to increase the expenditure limits but not increase the tax dollars. You can do that I think at any time during the year. Right now, the budget that you have adopted, is for that expenditure limit, having more revenue is not the issue. Expenditures are the issue.

Mr. Cloutier – If we were to hold the FTM in June, would the positions laid-off in town be reinstated?

Mr. Kerbel – If I had some direction from the council to reallocate funds to make sure that those positions were not eliminated. I think if the FTM was in June and the council took certain actions at the June council meeting (25<sup>th</sup>) to reallocate funds within the budget, then we could avoid layoffs.

Mr. Cloutier – If that scenario is taken, would that suffice.

Mr. Kerbel – No, because there is still the \$230,000 that we are short in our expenditures. Delaying until July and adopting the restoration of \$230,000 does allow for not only the positions to be restored, but for the other contractual obligations to be restored and for the utility lines that are under what we currently expend to be restored to that level.

Mr. Cloutier – We would be cutting too tight doing things as opposed to amending it and reinstating the money and delaying things.

Mr. Kerbel – In my opinion, yes. The council came up with these cuts, I analyzed the impact of these cuts for the council, then was asked to consider some changes to them. I developed these changes based on those considerations. Number one, I recommend having transfer stations fees. This is something that is coming and has to be done to control people who are abusing our transfer station and refuse collection policies; 2. I recommend the budget that I presented to the council. Can we live with the \$230,000 restoration, yes we can, but we will not be on easy street. There are a lot of issues that I am quite concerned about in the budget. One of the issues is the funding for the planning director that has been eliminated. Right now Mr. Sprague is wearing three hats: Planning, EMA and Human Resource director. At some point in the future we will need to address that.

That is some of the flexibility that has been eliminated from the budget. Staff will implement whatever budget you adopt, you are the policy makers, and we are the administrators. We go by your direction.

Mr. Cloutier – In your opinion, amending the budget would be more fiscally sound.

Mr. Kerbel – Definitely. The school has told you what their impact is, the voter registration issues and new ad are not huge issues with the town and can be accommodated.

Mr. Hyde – Your recommendation is that we move the FTM?

Mr. Kerbel – Correct.

Mr. Hyde – What is in the reserves?

Mr. West – Around \$5.5 million in the General Fund.

Mr. Hyde – What is in the self insurance reserve fund?

Mr. West – About \$4 million, and at this point in time is not able to pay its annual expenses

Mr. Hyde – In the past it's been about a \$280,000 draw, and we've been putting \$500,000 into it.

Mr. West – We haven't put any money into that fund I would say in about 5 years. About 4 years ago we started putting the money into the capital reserve fund and then last year we drew that back down. The town was putting about \$300,000 a year in that.

Mr. Hyde requested supporting data, so that we can see exactly where our money is.

Mr. Kerbel - You get it each year in the financial statement from our auditor, which was presented to you some time in January or February. We can give you information which includes the fund balance, the money that's in the self insurance fund and our annual expenses.

Mr. Hyde – What did it say in January?

Mr. Kerbel – What Warren is basically summarizing for you, it's about \$5.5 million, and my guess is that this year we are going to add to the general fund undesignated fund balance about \$100 – \$200 thousand as a result of this year's operations. As far as the self insurance fund, the school department hasn't made contributions in many years and neither has the town, and so that is slowly going down.

Mr. Hyde – What other funds do we have? I know that in the past we have had several different funds with several million in each fund.

Mr. West – What funds do we have with several million? We have the general fund and the self insurance fund. There is about \$5.5 million in the general fund and \$4 million in the worker's compensation (self insurance) fund.

Mr. Hyde – That's nine million, so that's 10% of our operating budget.

Mr. Kerbel – No, you don't include the self insurance fund when you are doing the evaluation of what your undesignated fund balance is. The self insurance fund is a designated fund. The other funds that you have talked about in the past are the golf course fund, which is virtually depleted and the cell tower fund.

Mr. Hyde – What is in the cell tower fund?

Mr. West – At best, \$200,000.

Mr. Hyde – We need the data to make decisions.

Mr. Kerbel – There are obligations in there for certain parks projects and certain grant applications. In one of your meetings you designated the cell tower funds as the source of revenue for those projects. My guess is \$50-80 thousand is designated

Mr. Hyde – We still have approximately \$120,000 in there.

Mr. Kerbel – I want to make it clear that we do fully disclose all the town sources of funds, and this is disclosed every year in the annual audit. I would caution you that if you use one-time sources of revenue to balance a budget, then the following year you almost need to come up with double that amount.

Mr. Hyde – If we can sit here and in five minutes come up with \$120,000 that we didn't know we had, then maybe we should buy ourselves a little more time and in a day or week see if we can find a little more money.

Mr. Kerbel – If you want to go over all the town's sources of revenue, we would be happy to do that.

President Pomfret – How about a motion to table this for one week, and see what we have. I think we're pretty sure that we can find \$190,000.

Mr. Kerbel – If you table this one week, then we have essentially a 35 day process prior to having the FTM and would be delayed until sometime around the third week in July.

President Pomfret – I don't want to move the FTM at all.

Mr. Thompson – If we were to go ahead with this, maybe we could come up with \$120,000 and have a special FTM at the end of the year.

Mr. Kerbel – Per the Charter, if the manager identifies that your revenue is exceeding your estimates, then the Council can call a special town meeting to appropriate such revenues. Realistically, we are not talking about until the middle of the fiscal year, January or so.

Motion made by Frank Hyde to adjourn meeting. No second. Motion fails.

Mr. Hyde – I am going to hold firm on the decision I made three weeks ago.

Mr. Cloutier made motion to amend town manager's budget to \$21,485,773. I'm more comfortable with that and then we're not searching for money. I think everyone is okay with the delay. Motion seconded by Bruce Thompson.

Kenneth Cloutier, Bruce Thompson and Anthony Colaluca vote Aye; Justin Pomfret and Frank Hyde vote No. Motion passes.

Motion made by Bruce Thompson seconded by Anthony Colaluca to adjourn meeting. All voted Aye. So voted.

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Town Clerk