

COUNCIL PRESIDENT
PRO TEMPORE
JOHN J. LOMBARDI
48 GROVE STREET
PROVIDENCE, RI 02909
Res: 273-6585
Office: 521-8400



COMMITTEE

Claims and Pending
Suits
Chairman

City of Providence, Rhode Island

December 12, 1996

Dear Colleague:

After viewing Channel 12 (WPRI - TV) Newsmakers program on Sunday, December 8th, I was concerned about three statements that were made during this broadcast by Mayor Cianci, and attributed to the Providence City Council.

I am concerned about the following statements, and I would ask that you review the enclosed transcript (and attached documents), and return your comments in writing to me at your earliest convenience.

1. That the City Council has requested that the \$50 Million Dollar Bond Issue be divided fifteen ways.
2. The Council is considering the privatization of the Providence Water Supply Board.
3. The City Council has sponsored a Bill to the General Assembly, asking for the delay in next years re-valuation.

I appreciate your consideration and thank you for your comments. If you should need to discuss this with me, please feel free to call.

Sincerely,


Council President Pro Tempore
John J. Lombardi

IN CITY COUNCIL
DEC 19 1996
READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.
Clerk

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DEPT. OF HEALTH
PROVIDENCE, R.I.

CITY HALL



THE CITY COUNCIL
OF THE
CITY OF PROVIDENCE, RHODE ISLAND



December 10, 1996

Council President
Evelyn V. Fagnoli
24 Leslie Drive
Providence, Rhode Island 02908

Dear Council President Fagnoli:

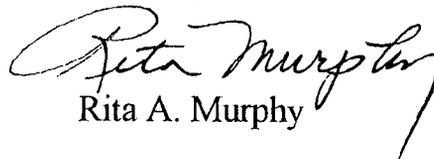
I have been asked by Council President Pro Tempore, John J. Lombardi to furnish the members of the City Council with the enclosed information.

After viewing Channel 12 (WPRI-TV) Newsmakers program, on Sunday, December 8, 1996, Councilman Lombardi was concerned about three (3) statements that Mayor Cianci made with regard to: the \$50 million dollar Bond Issue being divided fifteen ways, the privatization of the Providence Water Supply Board, and the City Council's supposed request to the General Assembly to delay next years re-valuation.

I have transcribed the Newsmakers tape, provided a video copy, and I have attached the minutes that were available from the City Clerk's Department for your review.

As well, I have contacted Councilman Lombardi, and he is aware that this information will be forthcoming on Wednesday, December 11, 1996. If you should require further information, please call me.

Sincerely,


Rita A. Murphy

MEMORANDUM

TO: Rita Murphy
FROM: Christopher Nocera
DATE: December 11, 1996
SUBJECT: Revaluation

This memo is in response to your question about legislation that may have been introduced on behalf of the City Council during the last session that would have postponed the scheduled revaluation.

No legislation was introduced during the last session.

The Finance Department reports that \$800,000 was initially requested in the FY97 budget and that \$750,000 was requested in the FY96 budget to fund the revaluation. When the Council asked the Mayor to "sharpen his pencil" these items were cut both years.

If you need any further information, please do not hesitate to contact me at extension 221.

Transcript
WPRI TV
"Newsmakers"
December 8, 1996

Prepared By Request of:
Council President
Evelyn V. Fagnoli
and
Council President Pro Tempore
John J. Lombardi

Transcribed on:
December 10, 1996

- Distribution:* Transcripts and Video Tape to Providence City Council members.
- Attachments:* Minutes of May 9, 1996 - The Study Commission of the Water Supply Board Task Force, and Ordinance Committee meeting of June 12, 1996.

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12-8-96
WPRI TV "Newsmakers"

SEGWAY:

Providence Mayor Vincent (Buddy) Cianci is in the middle of anything and everything that involves Rhode Island's Capital City - be it the concern of students marching on City Hall in support of teachers or neighborhood leaders who want something done about abandoned buildings - and even a proposal for a Rockefeller Center type ice skating rink for Downtown.

Good Morning, I'm Jack White, and this is "Newsmakers".

There is never a shortage of issues involving the City of Providence, and there is no one better to discuss them than our guest today, Capital City's Mayor, "Buddy" Cianci.

Our news panelist today is Scott McKay, of the Providence Journal Bulletin.

Gentlemen, thank you both for being here.

MAYOR: Good Morning.

SCOTT MCKAY: Good Morning.

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JACK WHITE: Mayor, lets start with the teacher's situation. The last that I heard, the teachers were ready to come to the table with something, the City was ready to come with something. Is this going to be settled before the teachers do something more drastic?

MAYOR: Well, I hope it certainly would settle, and I can tell you that we are prepared, and we have made another offer to the teachers. But, I don't particularly appreciate the fact that they went "work to rule", and a lot of people ask me on the street, "What is work to rule", Mayor? Well, let me just take a second to tell you what it is. It's when teachers work to the absolute letter of their contract. They don't stay after school if a student wants to talk to a teacher; they will not talk to parents about teachers, or their children's progress in school if there's a problem, they will not attend planning conferences, they will not attend things for the future of the City of Providence's school system, things like advanced placement seminars or for kids going to college - all the things that really truly make an educational system work, and make it work well.

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JACK WHITE: Ok, but they didn't go on strike, they're going to bring pressure on you, they say - to settle the contract.

MAYOR: Well, you know, it isn't just me they have to bring pressure on. I have always been a supporter of teachers, and I still am. I think they do a magnificent job when they put their minds to it. However, (they have to) what ever happens here, we have to get passed by a Providence City Council. And, in addition to that, we have to understand that the City of Providence depends quite heavily on the State of Rhode Island, as all communities do for educational re-imbusement. This past year, we only got about \$4 million dollars more than we got the previous year. But, yet, we had an additional one-thousand students. We're in the middle of reform. You know, I think that we've made a lot of progress in the schools. We 've privatized our janitorial service (custodial services), we have a new way of selecting people to serve on the School Board, that came from the reform movement. We are working towards school based management. We are working also for professional development time for our teachers, so that they can be evaluated on portfolios, so they can get advancement.

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All those things have been talked about and are actually in the contract.

What we need to do is sit down and try to bring our teachers up to a level that is significant in the pecking order of teacher's salaries in the State of Rhode Island. But, they have to realize, that sometimes, we don't have those dollars and cents because we are running the largest, urban school system in the State of Rhode Island, and maybe the second largest one in New England.

And, we have a thousand new students a year, and our core education money, the money that is spent on core education, is not what it is in the suburbs.

And the reason for that, is that we do many, many things for children, that are not done for children in the suburbs.

JACK WHITE: But, what are the prospects for settlement. You keep going on.

MAYOR: Well, we've offered them, we've offered them three (3) percent.

People think we haven't made them an offer. We've made them offers of three (3) percent, we've given them stipends (for) if they did extra work, such as year book, and all that, because (I can save), we can save money by

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paying teachers to do those things, as opposed to of giving them class time off. Because, then we have to hire teachers to fill that gap. So, we're offering them, the last (latest) offer that we're giving them, I believe was conveyed to them yesterday, or the day before, they've rejected a three (3) percent offer in the past, and they have also rejected some other things that we offered. They started out, by the way, asking for twenty-one (21) percent pay increase. They also asked us to (build), to provide for them, a second pension, (not) that they have one already, they wanted us to give them a second pension that would have cost about a million, eight hundred thousand dollars a year, and they also wanted us to create for them a legal fund, so like the legal Blue Cross, where they could go to lawyers of their choice, or whatever, and get taken care of. And, they wanted a life insurance policy. So, all of that added up to like \$19 million dollars. And frankly, a dollar on the tax rate brings in \$5.2, (ugh) \$5.3 million. That would have been, pretty much of a big tax increase. Now, I am not saying teachers don't deserve a raise, but, it has to be reasonable. When they get down to the point, by the way, understand one thing, the negotiating committee of the Teacher's Union, the Executive Committee, I believe, and certainly, the President of the

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School Teachers Union, Phyllis Tennian, recommended the settlement, or recommended the offer that we presented to them, recommended to the teachers, and the teachers turned it down. Now, I don't know if she didn't have her ducks in order, out on the floor, or they didn't understand the offer, or maybe there was just a lot of tempers out there. I don't know. But, the fact is, what more can you do when a negotiating committee, that your negotiating with, and the President of the union, and the Executive Board, recommends it to the teachers, and they won't take it. So, we've gone back to them and said, look, I don't want them to do this "work to rule" thing, where they just do the bare minimums, and I don't think the people want that, and it certainly isn't good for the kids. And so, I'll work around the clock. I told them that I would do my best. They want us to go into this \$9 million dollar fund, that we get from Washington, for programming, and they wanted to see if they could find \$3 million in there for teacher raises. But, that would more or less necessitate cutting out some good programs, like teacher aides, and things like that. So, the latest offer on the table is a three (3) percent raise this year, and then a little higher the following year, and then in the last year, something in the vicinity of 4, 4.5, or 4.6 percent.

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But, let me (or 4.75 even maybe), no, 4 and one quarter, no four and a quarter. But, I have to tell you that when you are dealing in this atmosphere, where you have a School Board and you have a Mayor, and you have taxpayers, and then you have in addition to that, a City Council, that you have to deal with, it is extremely tough to come with an offer that everyone is going - everyone's going to agree with. And, we made the offer, I hope they take it. Let's get on with the business of educating our kids.

JACK WHITE: We have about thirty (30) seconds left in this segment. When will the next meeting be .. in thirty seconds.

MAYOR: I am going to call a meeting as soon as I possibly can to get all the people together before Christmas. There is no question about that. I've also heard that they (teachers) won't be ready to come back to us with something until after the New Year. That's unacceptable, as far as I am concerned.

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But, let me say another thing. If they are going to stick to this “work to rule” stuff, we may just take an offer off the table. Because “work to rule” is not my idea of helping kids.

JACK WHITE: With that, it’s time for our first break. We’ll be back with more of “Newsmakers” right after this.

SCOTT MCKAY: Mayor, everybody knows you as a colorful politician, but certainly, was it really responsible of you last week to call a Providence businessman, and former policeman, who owns the Cabana Club, a quote, unquote, “pimp”? - at a press conference?

MAYOR: Well, in the context that I referred to him with that language, it is perfectly proper, because you see, we have the Providence Police Department, (has) evidence, and admissions from people who worked in that club, who I think will be able to prove that point. In fact, I know that. This investigation has expanded by the way to include more than just the City of Providence Police Department.

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I can tell you that we're not going to stand for the kind of behavior, we're not going to stand for illegal activities, in those clubs, we've worked too hard changing the image of the city, building a new renaissance, or a renaissance to make this city what we want it to be, and people are talking well of us, and we're not going to have these people bring in this type of illegal activity, and think that they can get away with it. And, that neighborhood, the Smith Hill neighborhood is totally upset at this place because of the prostitution, because of the illegal activities that go on.

SCOTT MCKAY: I understand that but, as a lawyer, is it really right, I mean, you are a lawyer, is it right to convict somebody of a crime before (I mean) get on a press conference....

SCOTT MCKAY: He's never been convicted of anything.

MAYOR: I didn't convict anybody, I characterized him as the way I felt he should be characterized.

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JACK WHITE: What about the suit that the ACLU has filed in conjunction with Jack Murtaugh, who is the owner of the Cabana Club. They claim that you are just having .. police cars out in the parking lot with the lights going, photographing patrons.

MAYOR: That's the Police Department. They went in there with (a), first of all, they went in there with your cameras Jack, from this station, by the way. You're the ones who were in there first with hidden cameras. Our cameras were in the open. And, when we went in there at first, we did some undercover work and they did take pictures, and they were able to find illegal activities. After they made the arrests, the activities (information) we had was still continuing. And so, police went there. Under the Supreme Court cases, you can have police officers outside a place. You can even have them inside a place, as long as long as they (it's) open to the public. They can be there. Now, they were there a couple of days, continuing their investigation, so the police say.

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JACK WHITE: What about photographing patrons?

MAYOR: That the polices' responsibility. They can do it, it's permitted by law. You know something, Channel 12, Channel 10, Channel 6, were all there, doing the same thing, and in some cases, they were there before us. So, I guess if we don't have the right to do it, you don't have the right to do it.

JACK WHITE: But, isn't there a little bit of a difference? We can not take their license away. We will not bring criminal charges against them. There's a little bit of a difference.

MAYOR: Oh, I don't think so. I think that your station was one of the ones who said they were responsible for this whole thing, and that they went in there and, Club Cabana, back , and Tramps, and these other places, not Tramps, but, I believe it was Cherry's earlier. And, you (your stations) were the ones themselves who were in there saying that these (there) was illegal activity - it was illegal activity.

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JACK WHITE: But, it is our job to look at things and bring it to the attention - to the public, and officials and then (see) how people react.

It is very different, because we examine a problem, then present it to people, they make their own decisions - informed decisions on that basis.

MAYOR: Yeah, well, we're going to have a Licensing Board make their own decision too. But, there is only one difference, they have the authority to take the license away - after a hearing - and we need evidence to present to them, and that evidence will be presented Monday, as far as Mr. Murtaugh's club is concerned, and let the chips fall where they may. As far as the ACLU suit, we get sued all the time, and you know, it's a fine line between violating people's constitutional rights, but I think those kids who have to go by that place on the way to school - on the way over here listening to the radio, I heard a mother talking on one of the talk shows, praising the city, for doing what it does, because those kids don't have to grow up in that neighborhood with that type of activity happening. And, by the way, we are becoming a laughing stock by allowing that activity to go on - illegal prostitution, underage drinking, and all that kind of stuff.

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This is not a candidate for a Jefferson Award, ok, but....

JACK WHITE: OK, but, one question I have is, if this is such a serious problem, we have so many sip joints, how did that happen, was somebody asleep at the switch.

MAYOR: No, no one is asleep at the switch. The zoning ordinances changed, we tried to kick some clubs out of the Downcity for economic reasons. We went to court. The zoning law was then amended, and - in our investigation, starting almost a year ago, or six months ago, we found there was illegal activity going on in these clubs. Some more than others. In one club, and it's a Sunday morning show, but, there were all kinds of things going on that I don't care to get into. If you could see the evidence, you'd be the first one to react and act the way the Providence Police did, and the way I am reacting and acting.

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SCOTT MCKAY: One of the biggest problems facing the city is property re-valuation. It looks like the value of the city - certainly, the business sector has declined significantly since the last re-valuation, about ten years ago, and it probably means that homeowners are going to have to shoulder a large burden of any tax increase that will come down the road in a year or two. Just what are you doing with re-valuation? How long are you trying to delay it?

MAYOR: Well, I don't know if we're trying to delay revaluation. The law says you have to have one every ten years. The way values are now, I don't know if it's so important to re-value. People have to understand that the City is going to need a certain amount of money to run regardless of the re-valuation. When you re-value, all you do is spread the burden around a little differently. One neighborhood that wasn't as...

SCOTT MCKAY: But, you bring equity into the system.

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MAYOR: Well, that's true. You will bring equity into the system. But, I can tell you that I know the City Council has put a Bill in to hold that re-valuation up for a year. Number one, it is very expensive, and number two, I believe that the economy isn't where it ought to be to have a re-valuation right now, because values are not settled.

JACK WHITE: With that, it is time for our second break. We'll be back with more of "Newsmakers" after this.

SCOTT MCKAY: Mayor, there seems to always be some problems in the Providence bureaucracy. It seems every time we heard of some little screw up that you've got. The latest is over in the Water Supply Board, where seven thousand bills didn't - people didn't get their June bills. Just how do those things happen?

MAYOR: Well, I sent some police over there to investigate that, and I am awaiting the report. I can tell you that that's a separate system, or separate entity of city government, run by a Board and a Director. The City of

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Providence does have input into it, obviously, but, I wanted to get to the bottom of that myself. I believe they changed computer companies, they changed the billing cycle, and I believe that it was a bureaucratic snafu of unparalleled proportion. It was (a) without question, caused a lot of hardship. I can tell you that when I got involved to try to find out what happened, I said there will be - you will give - you will have no one pay interest on any money, even though they might have owed some money, because they didn't get a bill, they are not paying interest. There will be no water shut offs and water stoppages, and we will try to get to the bottom of it and get an explanation.

SCOTT MCKAY: So, no rate payers will be hurt.

MAYOR: No rate payers will be hurt, nobody will be shut off. They (have) went through a change in the computer systems, from one system to another, and I believe they changed the billing cycle, and I think that's where the problem occurred. But, we'll have a full report - that's gotta be on my desk very shortly.

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JACK WHITE: Another big problem involving the Water Supply Board last month, a water main goes in Cranston, three communities are worried about their water supply. That system serves six-hundred thousand people in this state. People say it's got to be privatized. Are you going to sell it?

MAYOR: Well, I don't think that's the reason it ought to be privatized. I think that's a problem that occurred with not a very old pipe, by the way. And that is also being investigated. I can tell you that from the very first day I took office, I wanted to look into private management for the water system, and also privatizing it. I've said that on your show, and I've said that on other shows. I think that its the time to do that. You know, we've privatized the sanitation, garage collection in the City of Providence. There's an article in todays Providence Journal about how successful that was where the City saved \$40 million dollars. I don't think that the people in Providence would mind at this point if we sold the system, but got reimbursed for it properly. And, there is a lot of question over really who owns that system. I believe the City of Providence owns it. I believe the City of Providence built it under

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Mayor Gaynor, and I believe that the City of Providence - we are not allowed to make a profit with it. We can sell water, but we sell it to other communities, and they are allowed to make a profit on it, but we're not. And, yet we have a tremendous investment in that system. There's nine-hundred miles of pipe, there's rolling -stock, there's customer lists, there's reservoirs. And, we have to even pay taxes to Scituate and Foster and those places. So, it ought to be privatized.

SCOTT MCKAY: But, how do you sell the Providence Water Supply System without charging Providence taxpayers twice?

MAYOR: Very simple. I'm not saying the City of Providence would sell it all. I'd say the City of Providence might retain fifty-percent ownership. And, then sell it to some private concern, or maybe we might send it out to private management, and lease the water system out. There are all kinds of possibilities and all kinds of proposals that are under review.

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SCOTT MCKAY: Doesn't this go back to your old plan that when you got slapped down in the 1980's, back, trying actually to make some money off the water system, then they, at that time set the PUC up as the ultimate arbiter of rates.

MAYOR: That's correct. And, you know, that can be changed by just appointing people from outside the City of Providence to serve on that Water Supply Board, and that they then have the users become the determiners of what the rates would be as opposed to the PUC. And, I have respect for the PUC, but I really believe they were, when it was originally put under the PUC, it's been - it was political. The Supreme Court said the City of Providence was entitled to get money from that. Only one mistake the Supreme Court made - they made their decision two days before the legislature adjourned, and as a result, they passed the Bill in legislature to subject us to PUC, and as a result, the people of the City of Providence have been funding that system more so than anybody else. We loan money to the system, (we) in order to get it back, we have to go get permission from the PUC, we don't get it all back, that was done in the last...

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SCOTT MCKAY: Is it time to de-regulate water? The same way the legislature is de-regulating electricity?

MAYOR: I think that was (is) very appropriate. But, I think that - look it- it is a water resource, it's the only one that we have of any significance in the State of Rhode Island, it's basically a well run system. You know it's been running for years. Yes, it might have had a problem or two over the past week or so, but, still, it's given consistent, good service, and I think that during this time for them up at the Water Board, we ought to give a little respect to them, because they averted something which could have been even worse of a disaster if they didn't have the expertise to handle that break the other day.

JACK WHITE: Voters in Providence approved a \$50 million dollar Bond Issue for capital improvements in the neighborhoods in this city. You recently went before a Finance Committee of the City Council, wanting to get some money to tear down one-hundred abandoned buildings. They said, give us a plan.

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MAYOR: Yes, that's true. I think they're right, and we are working on a plan, but we want to include them, and it takes a long time, you know, not just a week and one-half to put together a plan, a comprehensive plan for the expenditure of that money. The people voted for that. I know why they voted for it, because they wanted their streets and sidewalks fixed. They wanted us to expedite the demolition of abandoned houses in the City of Providence and they also wanted to improve some of their parks, and they wanted to improve some of the housing conditions in the City. Now, we're putting that parochial

SCOTT MCKAY: Parochial ?

MAYOR: Yes, exactly, because, and what I said was look, we've got houses that have to be torn down. On anybody's comprehensive plan for the City of Providence, these 100 houses have to come down. Why wait for these houses to burn or wait for some problem, they're public safety hazards. We've now got the money. The people voted for it. Let's knock these 100 houses down while we're talking about the rest of the plan. They said no, let's take the \$50 million dollars, divide it by 15 districts and that's how

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much money you want for each district. That's a little parochial, but I respect the Council. I understand where they're coming from.

JACK WHITE: With that, it's time for our last break. We'll be back with more of "Newsmakers".

JACK WHITE: Mayor, before the break, we were talking about abandoned buildings, and you had a list of one-hundred, and we talked about the financing, and all of that, what do you do with the vacant lots when the buildings ultimately are torn down?

MAYOR: In this situation, we're passing a new law in the City of Providence, that the City of Providence would obviously take them over. Those lots - a lot can be done with them. Number one, they can be turned over to adjacent property owners, they can be developed by our Providence Plan into housing, (they) you can use them in areas - in areas of high density, where there's parking problems. They can be (put) made into neighborhood parking lots.

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They can be made into vest pocket parks in the City. All those things can be done, but they have to be cleaned. We started with out with an environmental package in the City of Providence, with an Environmental Court, that will in fact make all that expeditiously handled by the City.

JACK WHITE: Two of the houses that are on that list, that are on your list, were bought by a community group to re-hab. Will you take those houses off the list?

MAYOR: If there bought by a community group to be re-habed, will we take them off the list? (If there) it depends on, you see, in order to demolish a house, you (they) has to be more than fifty-percent of it in such a terrible state of disrepair, and that's when you can take it. You just can't knock a house down. It depends on the condition of the house. If it's totally - it it's historic, that's one thing, if it's totally knocked down, battered out property, it is not economically not feasible to fix it - why should you keep it up, knock it down. But, if a community group has - we'll talk to them, and try to help them to fix the house if we have to.

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SCOTT MCKAY: Speaking of re-habilitation Mayor, no one in the State has re-habed their political favorability more than you have in the last six or seven years and, just wondering, there's all kinds of speculation that you might run for higher office in 1998, is there anything to that, or is that just idle speculation?

MAYOR: No, (I), right now, I can tell you, and I mean this, that I just love being Mayor of the City of Providence.

SCOTT MCKAY: Do you intend to run for re-election?

MAYOR: Yes, I do. I intend to run for re-election for Mayor of the City of Providence. Anything can change, but I am not looking forward to that change, I love the City, I think we're on a roll and we have a lot of interesting things coming up: new ice skating rink we have to build, implementation of the \$50 million Bond Issue, reform in education, and I feel that we're on a roll in the City and we're gonna - I'd love to be here for the changing of the year 2000 to 20001.

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JACK WHITE: Give us an update on the Providence Place Mall. We haven't heard much with that.

MAYOR: Well, the City and State has done everything they can do in order to make that happen. We've insisted on the minority hiring, we've insisted on the tax situation that we've been involved in with them. And, I believe, and also, the linkage with the City of Providence, they have to build a transportation system. They have to make the architecture symbiotic with the rest of the City, and all those things. However, the financing, I spoke with Mr. Lugosh the other day, and as I told you, he was in Europe at cooking school about three weeks ago, kind of got me a little shaky there. But, anyway, he's back and I talked to him. I'm gonna have lunch with him next week. But, he tells me the financing is ok, and I believe - and he's got it - but, I believe that Mr. Congill, who is the original man (partner) with him, I don't know if he is going to stay in the situation or not, and I think that is what is holding up the package - whether he is going to stay in the deal or not stay in the deal. So, to make a long story short, I am anticipating a ground

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breaking, hopefully, before the end of the year, and I think that it'll be a close call, but, we might have it built by Christmas shopping in '98 - but, don't hold me to that.

JACK WHITE: We shouldn't read anything into the fact that they had to get another extension to buy the property from Amtrak then?

MAYOR: No. No. The Capital Center - there was also a question raised that said, oh, you have to still go to another hearing. Well, the Capital Center, they always had to go to the Capital Center Commission for a hearing.

I look at that more of an expediter than an debilitator. And, I think that as far as the extension, Amtrak, that's strictly routine, and it's - it's just - it'll happen - believe me.

DEPARTMENT OF CITY CLERK

CITY HALL

MAY 9, 1996

The Study Commission of the Water Supply Board Task Force meets this day in Committee Room "A", Department of City Clerk, at 5:00 o'clock p.m.

PRESENT: Chairwoman DiRuzzo, Vice Chairman Massaro, Councilwoman Fagnoli; Councilman Mancini; Richard Rafanovic; John Milano-5.

ABSENT: Councilman Mancini, Boyce Spinelli-2.

Also present are Judge McGair, Barbara A. Poirier, Second Deputy City Clerk, and Anna M. Stetson, Assistant Clerk.

DISCUSSION RELATIVE TO THE MANAGEMENT STUDY

MR. MILANO: I would like to get something clarified. We have been talking a lot about whether the Board is for **Autonomy** or not in support of the Resolution. I bring this up because I would just like to make sure what is the position. During the rate case, Joel Landry, who is the vice chairman of the Water Supply Board gave testimony that **autonomy has been talked of for quite a while in the Board even prior to the hearing and...** it is the paramount goal of the **Management Audit to move the Board into a situation where it is autonomous.** Do you agree with that goal? I do, I personally agree as does the other board members.

CHAIRWOMAN DIRUZZO: That doesn't include me. We have discussed this just briefly.

MR. MILANO: It goes on as to **why autonomy would be good for the board.** All of the members here are shown an admission statement of the Board, and in the message that was produced by the Board in the annual report, it says the goal step is **...to amend the City Charter and give Providence Water the authority to function as an independent utility, free the city from financial burden associated with it.** The appearance is that the Board has discussed this, the Water Supply Board, which people at this table are members, and also are members of the Council, and I am assuming the position is constant between, that **we already have the decision to support autonomy and that part of the information that we are seeking to do here is we are really repeating what has already been decided.** Is it the position of the Providence Water Supply Board to support autonomy or is the testimony incorrect?

CHAIRWOMAN DIRUZZO: To elaborate on what I just mentioned, this was in 1985. I have been on the Board one year. This is the first I am seeing of

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this, and I thank you for making copies of this because I think it is important that we note that. Let me just say that if we are going to make a decision I have to be convinced that this is going to be beneficial to the Board. If this is a decision made by the Water Supply Board prior to my becoming a member, I'm not aware of it, however, I don't know whether Mr. Landry was testifying in his behalf of the vice chairman of the Water Supply Board, whether he was speaking for all the members or he was speaking for himself.

MR. MILANO: He and the chairman were both there under testimony, Armando Parillo.

CHAIRWOMAN DIRUZZO: Did he testify?

MR. MILANO: He did. I didn't look at his because I was reminded of this person's testimony and I took it out, and he did the majority of the testimony for the Board. But it's also repeated in this year's annual report, as a statement that that is a objective of the Board. It doesn't mean it is a foregone conclusion with the City Council. There is no sense in us trying to prove to the Board that it is a good idea when they have already accepted it.

CHAIRWOMAN DIRUZZO: This is sponsored by Councilwoman Fagnoli on behalf of the Water Supply Board.

COUNCILWOMAN FARGNOLI: We really agree with the autonomy. It's the specifics of it that I was talking that this task force could bring about. Because you just say autonomy. What does it mean? How will it affect the Board? How will it affect the City? How will it affect the administration/management? It's the specifics that we need clarified by this...

CHAIRWOMAN DIRUZZO: When you say we, who are you talking about? You are not talking about the Council, because the Council has not even discussed this yet. I imagine you are talking about the Water Supply Board members.

COUNCILWOMAN FARGNOLI: If you remember correctly, there was a while back where there was an effort made with the state for enabling legislature to take over the Water Supply system, and the council unanimously objected any takeover of the Water Supply system, because we had a few years where maybe there was some not very good practices, but most of those things have been corrected since that time. With Richard at the helm, many of the inadequacies were improved upon and I think we have been making progress and with a better relationship with the PUC we are continuing to make progress because the rates have been approved and the appearances by Richard at the PUC meetings have

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been on time and the applications are in proper order. Everything has been done in more or less improved fashion. So if we are looking for autonomy, we are looking for the specifics that will make autonomy work for the Water Board as well as for the city.

MR. MILANO: I don't disagree with that and I would like to point out today that Richard made a presentation to the -----people today in Newport and gave a really excellent presentation on how he plans to accomplish the major infrastructure program and it was a very good presentation and it was well received. You should know that too. I just want to focus on getting the support of the Board, I have to assume that we have the support of the Board, sticking to getting those things that make autonomy benefit the city, and why the City Council should support it. Both for the reasons that are supplied by the PUC and for the reasons that are supplied by Providence Water Supply Board themselves and the audit people.

COUNCILWOMAN FARGNOLI: That is exactly what we are looking for.

CHAIRWOMAN DIRUZZO: Who would we recommend to once we make a decision? Will it go to Property or Ordinance?

MR. RAFANOVIC: It will go to Ordinance committee.

CHAIRWOMAN DIRUZZO: They are not going to make the recommendation, are they?

COUNCILWOMAN FARGNOLI: We recommend to them because that means a change. Maybe it would have to be a joint meeting.

MR. RAFANOVIC: As I understand when the Resolution was introduced, the City Council referred it to the Ordinance Committee. It needs a Charter amendment. That was where it was referred to. Whether additional committees are desired by the Council, that's a separate question.

COUNCILWOMAN FARGNOLI: If for instance it has anything to do with financial aspects of the specifics, then perhaps the Finance Committee could be involved. If the Water Board would like to discuss this and give you a second recommendation, that could be done also, but the Ordinance Committee would have to make the recommendation to the full Council.

MR. MASSARO: What concerns me, it's a timetable that we are on. We have to act as rapidly as possible, otherwise you probably can't get it as an action to be taken on this ballot.

MR. RAFANOVIC: There is a schedule in the package that was passed out to you. This is not the specific schedule, but it indicates and provides for several

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meetings before the Ordinance Committee, but March and April are gone, so time is of the essence.

CHAIRWOMAN DIRUZZO: It has to be done before September 20.

MR. RAFANOVIC: That's when the Ordinance has to be submitted to the Secretary of State. The presumption is that it has to have two readings by the City Council. You don't meet in August, so you just have one in July and one in September. I don't know if a public hearing is necessary.

CHAIRWOMAN DIRUZZO: You have to.

MR. RAFANOVIC: So you can really see that the issue needs to be referred to the Ordinance Committee soon, and to facilitate the process, the question was raised what would be different, so I prepared a little table that may assist. (Mr. Rafanovic passes out a copy of a breakdown for the committee to review) This is a summary from the draft Ordinance that was prepared and this helps to highlight some of the things that would be of concern. In any event that was a proposal, but it lists specific items that would be dealt with.

CHAIRWOMAN DIRUZZO: Did anyone ask a question with regard to the above if any of this happens, and if you are needed to hire more people with regard to the purchasing, paying the bills, the financial end of it.

MR. RAFANOVIC: We would have to establish a formal treasurer's function. That needs to be discussed how that should be done. I think our personnel is doing all of the work. I don't believe there would be a significant change, whether we would need one additional clerk or two, I can't say at this moment. We may need maybe an additional clerk and a treasurer, and a purchasing clerk, that is conceivable.

COUNCILWOMAN FARGNOLI: Right off the top of my head I see two problems. The last item, **no residency required**.

MR. RAFANOVIC: That is one of the issues.

CHAIRWOMAN DIRUZZO: **The Board is going to have people from other cities and towns. It's going to have Cranston, Johnston, North Providence.**

COUNCILWOMAN FARGNOLI: You know how strong the council people feel about residency.

CHAIRWOMAN DIRUZZO: I know that, but let's be realistic. You don't think that a Board with all those communities on it is going to go for a residency requirement for Providence.

COUNCILWOMAN FARGNOLI: There is no rate of return.

MR. RAFANOVIC: There is. On page two. The second item.

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CHAIRWOMAN DIRUZZO: I'm sorry that Boyce isn't here because we were going to go over some figures. Steven was supposed to leave something here for me.

COUNCILWOMAN FARGNOLI: Then the labor contracts. You could enter into your own labor contracts for terms and conditions.

CHAIRWOMAN DIRUZZO: Which would require separate contracts with the Water Supply Board people, right?

MR. RAFANOVIC: Not necessarily. Those are the details that need to be worked out. The typical COLA issues, insurance issues and things like that could be under an umbrella arrangement that is negotiated by the city, but the terms and conditions and the job classifications and those kinds of things that are water related would be separate, need to be separate, and in fact when we need to make a change in a class, it would not say it's a good idea but it affects 30 people in Recreation and Parks so it's a good idea we can't do it. So the terms and conditions of work would be under this umbrella as a separate thing. The utility type terms and conditions agreement. There are some jobs that are comparable, but there are many that are different.

COUNCILWOMAN FARGNOLI: Your purchasing, you will process your own?

MR. RAFANOVIC: I think the Board would have to assume some of these functions and either set up a committee or something like that. The Board would have to be the approving authority rather than the Board of Contract and Supply.

MR. MASSARO: I do think that Richard has hit the major areas that have been mentioned in the report. The Water Supply Board itself must be willing to accept may financial and operational responsibilities with it's independence. It's not only the managers, but the oversight, the sub committees, the purchasing. The report did say that the Board does not have the authority to carry all this responsibility. It's too dependent on the Mayor, the Council and the Public Utilities Commission for the authority and resources to make a decision. You may want to hire 10 people, if you don't get permission from the council, you can't do it. So you haven't had the independence to carry out your charge. This is part of ---independence, not only with the operations, but with ----- . That Board should be expanded and the perhaps should include three types of professions. A person familiar with the utilities operations, a person with a demonstrated ability to manage business from the business community, independent professionals, such as people from University's, Attorney's. In that regard when I look at the

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expansion it does elaborate the other areas of service. It really doesn't make room for professions from the communities, universities. If you look at the Narragansett Bay Board, they must have 15 to 22 members. They have a large Board. They have a number of working sub committees and they do get actively involved in management, contracts. There are more resources on the Board because of where the people come from. This is a big part of the Management report. Creating independence, putting the responsibility on the Board itself, enlarging the Board so that you have resources and oversight and to provide the operational efficiencies to Richard and the staff to do some of the things in regard to Personnel, purchasing and finance, in general. Richard did a good job of highlighting the areas and what is needed here. He's pulled them out to a very simple outline. I think the Board membership here is something that the Board itself, the Council, this Task Force may want to consider even an enlargement to that. I'm not saying that you need 18 members, but perhaps draw on the business and the financial community on their expertise and support to manage.

MR. MILANO: Which is typical what corporations do. They place members on the Board who have specific business strength. They are not there to run it, that's what you have Richard for, but to give assurance in this case to the stockholders that the business is being run carefully and properly. This is what Tom is saying that they have on NBC on their Board members. I don't think you would want to get into 18. Management by committee is one pain in the neck.

MR. MASSARO: **There are more responsibilities. More sub committees, personnel, if you should have autonomy in that area. Purchasing responsibilities. You want to get involved with larger contracts and some sort of oversight and what the staff is doing in that area.**

MR. MILANO: I would like to suggest that we go through and identify those that we do not have a problem with and put them out of the way and come back to those that you want to have a little more discussion on. Like the property ownership, there is no change, so I don't believe that this is one that needs a lot of discussion. The acquisition of property.

MR. RAFANOVIC: I think we need to talk about these items together. Acquisition and disposal. I think that the ownership stays with the city, there is no change, and the principle thing that the City Council wants to, in my opinion, and should retain ---disposal of the property. So those two things are left. I think we should be able to acquire additional property a little more rapidly than the case is now. I need to tell you that as far as I am concerned, we could have had Western

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Cranston's water system. We have concluded the substance of the deal last summer. We are still fine tuning the last steps of it and it just takes too long. These kind of deals die if they take that long. I think we are almost done and we should be able to go to the Property Committee in a few weeks, but that is an extremely tedious and long process for whatever reason because other priorities come up and things get pushed to the side, and candidly, some deals are not struck they become cold and they get lost.

COUNCILWOMAN DIRUZZO: I don't think the Solicitor's office was content with the deal that Cranston was giving you.

MR. RAFANOVIC: I don't want to get into the details right now.

COUNCILWOMAN DIRUZZO: They are important and we should be able to have reports from the Solicitor's office. Ms. McLaughlin discussed them with me a while ago. Those things are important, and they will be important to the council people.

MR. MASSARO: Something like that, does it have to come from your delegation to work on it, and then you have to bring it to the Board, etc.?

MR. RAFANOVIC: We have done all of that. I can justify to you that it took a year to cross all the t's and dot all the i's.

MR. MASSARO: I am not asking about the specifics, I am talking about the process. That process would just end up with the Board. A sub committee perhaps, and then make a recommendation to the entire board. That's how it would work in the future.

COUNCILWOMAN DIRUZZO: Would the city solicitor's office still be involved in your legal process?

MR. RAFANOVIC: That's something that needs to be fine tuned. Under the Charter, the City Solicitor's office is the chief represented for all suits by and against the city. As long as we are a direct arm of the city, then the City Solicitor's office does. But the City Solicitor's office has deferred on literally all cases to our board counsel with the exception of one or two that they wanted for various reasons to retain. If the board becomes an independent entity that can sue and can be sued, and the city is not to be liable then the board counsel should manage the suits; otherwise, the city would become liable, and I think that part of the freedoms that the city would get is that they wouldn't be liable for any actions of the water system. Right now the city is.

JUDGE MCGAIR: As I understand the relationship at the present time between the Water Supply Board and the city, the vision that occurs, the city has a

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certain immunity, that's \$100,000 in lawsuits against the city, unless there is a special act by the legislature that would grant more, however, because the Water Supply Board is a priority agent to sell water, they do not enjoy the immunity of \$100,000 similar to the city. Therefore, they take insurers. So in order to sue the Water Supply Board, since it is an agent of the city, you would have to sue the City Treasurer, file a claim with the City Clerk, but because the immunity is not tapped by virtue of their priority nature, then they carry insurance. Their attorney tries the cases, but we have an interest in them because they are an agent of the City, but any settlement of the Water Supply Board throughout their insurance company endures to the city at the same time.

COUNCILWOMAN DIRUZZO: The other thing is the legal cost to whoever represents the Water Supply Board and also discussing whether or not we should have a full time attorney.

MR. RAFANOVIC: That issue has come up several times and I recall the last time I had put it before the City Council in 1992, at that time the Council rejected it and we did not bring it back until last year when we asked for a deputy counsel, and as you know that has been eventually approved by the City Council so we have a deputy. But there may come a time that we have full time counsel because there is more work than a part time counsel can do at any time, even with a deputy counsel there is more work, but we do what we can do, and there is no question that we need more staffing in the legal area. We are spending the money now, whether those people are employees or retainer people, it's more or less the same thing, you can discuss which is cheaper and which is not.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: What happens is that sometimes you need an attorney with special experience. If you have one attorney for rate filing, one attorney for certain kinds of suits, depends on what the expertise is of the attorney, and this is what has been happening, but a full time attorney might be in order.

MR. RAFANOVIC: We will be processing \$8 to \$10 million dollars worth of construction contracts each year. This is a phenomenal amount of legal work that needs to go with it. We are extending services significantly and we are still with a part time attorney. You can see that it doesn't add up.

COUNCILWOMAN DIRUZZO: If they are going to do contract negotiations, they are going to need a full time attorney in addition to what they have.

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COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: Their expenses are certainly going to increase. With autonomy come certain kinds of things that they are going to have to take over.

COUNCILWOMAN DIRUZZO: The other thing that Judge McGair mentioned is because the State of Rhode, the General Assembly, the board was borne out of that, would we need special permission from them as well?

MR. RAFANOVIC: Not if you make a Charter amendment, but it would never hurt to have the legislature validate your Charter amendment.

JUDGE MCGAIR: In 1915, Chapter 1278, established or granted to the City of Providence the right to have a Water Supply Board. They gave them the right to condemn the property in Scituate, and then talked about the flow down to the Pawtuxet River in the Valley, and they retained the right to have the Water Supply Board serve other communities other than the City of Providence. Over the years they have been adding on more communities so that where the city has been running the Water Supply Board, the ghost of the State of Rhode Island is still there, in that they can tell the city, irrespective of the Home Rule Charter, who to supply additional water to, and that is why you have the R&R and the L&L suit presently going on. If they would validate this it would be one thing, but I think they have to have some hand in there to give it somewhat of a.....

MR. RAFANOVIC: If the legislature, concurrently, and I don't want to confuse this with the Charter, would withdraw what I call entitlement that they now issue. They say give Bristol County water. Some day give Westerly water. They can do that as a legislature.

JUDGE MCGAIR: They can do it because they have really never surrendered control over that grant to the City of Providence to set up the Water Board to run the water system.

MR. RAFANOVIC: That should be step 2. We need some legislation. That doesn't affect the city's willingness to separate itself into a separate water board and continue as a city as it is.

JUDGE MCGAIR: At one time the City of Providence used to take care of it's own sewers. Now the state came in and set up the Narragansett Quality Bay System which relieved the city of that problem, but that was a state oriented legislation.

MR. RAFANOVIC: We maintain clear distinction of public and private ownership and we resist any change in that and we are clean in that respect. Everything to the property line is ours, and everything from the property line

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internal is the property owner, and we refuse to get involved in any of those portions. If we would continue paying the city for such services that we need or get from the city. There isn't all that many services that we are getting now. We do pay a small portion of the City Clerk's budget, Mayor's budget, the City Council's budget, the Personnel office, the Finance office, the Treasurer. \$650,000 a year.

MR. MASSARO: If the Water Board has 10 percent of the employees citywide, they take 10 percent of the personnel budget. Not everything is based upon personnel. The number of bills they send out versus the number of bills the Treasurer's office sends out.

MR. RAFANOVIC: Those are almost direct linkages, but we are contributing for these offices.

MR. MASSARO: Some of those funds would be available, but would you need personnel. You might want a purchasing agent, or a billing clerk, there should be some offset there. That may be a plus to the Water Supply Board to hire six people and you relieve yourself of a half million dollars of cost to the city.

MR. RAFANOVIC: We would still pay to the city some of the indirect costs because we would continue to be an arm of the city and we would continue to have periodic dealings with the City Council, and we would continue to have....but it would shrink in proportion to the services that are needed, and when you say with these other things, the amount of money that we would be diminishing to the city would certainly be more than is necessary to cover the function that we would assume. So there would be no net change in expenditure to us or the rate payers.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: When sub-committees were mentioned, you would have a sub-committee to approve purchases, and personnel to approve personnel.

MR. RAFANOVIC: I would say that we would discuss that differently, but we would certainly have a sub-committee that would oversee personnel procedures that would have the rest of the board to fine-tune personnel policies. But I don't think a sub-committee of the board should determine who we hire and who we fire, that would be detrimental.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: No but a sub-committee of the board should oversee purchases, should approve contracts.

MR. RAFANOVIC: Absolutely. I agree with you on that. It's just the personnel part that I was concerned about.

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COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: You have to have checks and balances and you have to have accountability, and you can't let one party assume accountability. It has to be shared.

MR. MASSARO: It makes sense to have certain members of the board working one area and developing the expertise, and developing knowledge about what your particular agency needs.

MR. RAFANOVIC: If you want a suggestion on committees, you certainly would need a procurement committee. I think it would be very useful to have a personnel committee that gives personnel oversight and policies. We could have a finance or something like that, or a committee that would oversee what I would call capital improvements or construction types of things. The Purchasing Committee would take care of the contract processing, but to be consistent with the policy of how we distribute the money for reinvesting into the system, things of that nature.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: Water Supply Board pays taxes to Scituate, Johnston, Cranston. Will they be paying taxes to Providence?

MR. RAFANOVIC: It was my intention that we would pay taxes for real estate. We are not paying taxes for water mains in the ground. We are paying taxes for land we own. We happen to own a lot of land in Scituate and have some expensive buildings in Scituate. In Cranston we don't really own all that much. I think we should deal in a comparable manner with real estate that we own in Providence. I can't really tell you that it would have to be called an in lieu tax because I am still not totally clear in my mind that being a subsidiary of a city whether we could tax ourselves or the city. I am not crisp on that. It's my opinion that in terms of dollars, comparable compensation should accrue to the city as it accrues to everybody else.

COUNCILWOMAN DIRUZZO: I think you need to find out the answers to these questions if you want to sell this.

MR. RAFANOVIC: What I am saying is that whether it is called "tax", that's problematic, but if it is called "in lieu tax" and it is allowed and provided for, I don't think there's a big problem with that. But again it would have to be written into the charter so that there's no debate afterwards. That is what I am suggesting.

COUNCILWOMAN DIRUZZO: The PUC would have no problem with that, or would you?

MR. MILANO: We really can't answer that for the commission.

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JUDGE MCGAIR: The State of Rhode Island has reserved all of the taxing authority that goes throughout the state. No one can tax anything without the State's permission. The City of Providence can tax any buildings in the city that is not outright owned by the city, unless they are exempt by State law. So either you get the state to exempt them, or the city can tax whatever buildings you want. I don't think you can enter into an agreement between yourselves.

MR. RAFANOVIC: Not for taxing, but we could pay an "in lieu" something.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: You really don't have that much real estate.

MR. RAFANOVIC: No, it's very minimal, so we are not talking about a lot of money.

MR. MILANO: A lot of the buildings in the city is really to service the outside communities that you supply. So let's say that Academy Avenue happened to be outside the city limits, it probably would be on the tax roles now.

MR. RAFANOVIC: It would be, but right now it isn't. We are paying to Scituate, not only for the building, but for all the pumps and the equipment and things like that.

JUDGE MCGAIR: If you don't furnish water to a town, they can tax you for some of the underground stuff.

MR. RAFANOVIC: I think there is an exception for pipes.

JUDGE MCGAIR: There is if you furnish water to the town, otherwise I think you can't. What's the advantage if they are not getting water to have your pipes go under the ground.

MR. RAFANOVIC: Nobody is taxing us for pipes now. Our pipes run through parts of town.

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MR. RAFANOVIC: That's the one that makes it possible. The only way that we can do that if we are not a department of the city. When you are a department of the city, I don't think you can even think of these kind of things, and I think you know very well that after three or four tries at the legislature, there is not much mileage over there. That's 7-15 percent based on our current rate which is roughly \$30,000 million dollars, converts into these dollar amounts, the \$2.2 to \$4.5 million and obviously as our rates change, that will change. I don't foresee our rates going down, so that will only go up as time goes on.

Discussion ensues.

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COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: Would you like to see a rate of return of this much?

MR. MASSARO: That is something that is mentioned and supported in the management report, that it would be reasonable to establish that and it's naturally based upon what the commission would want. I think it has some basis. I've seen the commission give things to Providence they haven't asked for. \$2,000,000.00 a year and it comes in for the next two years. That's something that you might want to discuss with the commission. I would think it is more likely that you would get a franchise fee.

MR. MILANO: We would be glad to set up a meeting and talk to the Commission and tell them the time constraints that you have, so that you can get in and have a meeting with them and discuss it. Just to get their feeling.

MR. RAFANOVIC: We are what is defined as an ex parte situation right now, because we have no active case before the Commission, but that is going to end in pretty quick, because we are going to be before the Commission in about 2-3 weeks. I don't know whether this meeting is affected by the ex parte situation or not, so if there is any opportunity or desire, we need to work seriously on a schedule and we need to schedule our filing in such a matter that we don't make this meeting impossible.

MR. MILANO: I don't want to get into catch 22 situation where you need the answer on whether it would be a favorable report on the rate of return because they obviously is going to be a peak situation on whether the council supports it or rejects it. So you really have to know the tenure, you may not agree on the final amount, but just on the concept.

COUNCILWOMAN DIRUZZO: I think that is an important question. We have to have the answers to these things. I doubt if this will go anywhere before the council if you don't have answers to these questions they are asking now. If the PUC is going to control the most critical parts and give us permission...

MR. MASSARO: Even though the PUC is in a position to approve such a fee, when something like that is filed you are going to have the Division of Public Utilities, you are going to have Kent County Water Authority, and they are going to make their assessment of what the franchise fee should be, and the Commission is going to have to decide from the record, the record may come down to some subjectivity as to within a range of reasonableness, what may be normal, what is done or compensated or provided for in operations elsewhere in the country. A record will have to be built. I am sure that Providence will have to build a record.

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The Commission will not necessarily represent that they could support \$2 million, \$3 million and \$4 million. They wouldn't have a basis for picking a number. They might represent to you that they don't think that range is unreasonable, we agree that a franchise fee should be paid by the rate payers for the city. I don't know what they would tend to indicate. All you can do is ask them. This is something that is not unreasonable and the Commission wishes to make their thoughts known to you on this.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: If Mr. Milano arranges a meeting. The only way we can find out is to create dialogue.

MR. RAFANOVIC: I don't believe that the Commission is going to say yes, that's the amount, that's the deal, that's the bargain. **What you are going to hear from the Commission is whether the idea is acceptable or if it's absurd.** In the end they are just like any judge, they can't tell you before the trial what the decision will be. Be reminded of that before you go there.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: A discussion of it before that.

MR. RAFANOVIC: That's fine, but I hope that you don't go in there and end up shaking on something.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: **This will be something that will come out of this Task Force, and then it has to be approved by the Council, we can't speak for the Council.**

MR. RAFANOVIC: I just don't want people to go into this meeting with an expectation that you are going to get a clear crisp....

COUNCILWOMAN DIRUZZO: We understand that, but we want an understanding of it and what they intend to do. We don't want to get hit with a surprise.

MR. MILANO: Up to now in looking at the items, there really hasn't been anything in disagreement. The question is on the item we were just discussing, the **return on the investment.** As we go through the rest of these, it would help if we would say the opinion of the Task Force if we agree with each of these, and we can give this information to the Commission that these are matters are discussed, and this one item is one they would like to have some specific discussion with you.

COUNCILWOMAN DIRUZZO: First of all we haven't discussed this with the other Council members and they might have other questions about it

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too. Even when we recommend whatever we decide to recommend, we are still going to have questions with regard to all of this.

MR. RAFANOVIC: Would you want to have an informal opportunity for a chat with the Commission so that when you talk with the rest of the Council members that you can say that we talked. This is no commitment.

COUNCILWOMAN DIRUZZO: I hate to go the Commission before I go to my colleagues. I would like to go to the Commission with regard to what we are going to represent to our colleagues about franchise fees, return on investment, property taxes, do we think that is appropriate?

MR. RAFANOVIC: I just need to come back to ask a question and I don't know that it can be answered right now, but in order for members of this committee to chat with the Commission, must we be in an ex-parte situation or not? That is the issue. Because it is the scheduling on my part that I am concerned about. I don't know how much time you need to be comfortable to go to such a meeting. How much time are you going to need to consult with your colleagues.

CHAIRWOMAN DIRUZZO: Certainly more than a week. We haven't even gone before the Ordinance Committee yet.

MR. RAFANOVIC: I am not trying to pressure you, I am just trying to get a feel because I need to understand that once I make a formal filing for a commission action.....

CHAIRWOMAN DIRUZZO: Do we need to go formally before this Commission. Can't we just have an informal meeting.

MR. RAFANOVIC: I understand that it will be informal, but what I am asking is a technical question. Is the Commission prevented to talk to any member of an entity that has an active case before them? **I intend to go before the Commission for an active case.**

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: We have to consider the open meetings law. If we are going to be discussing these types of changes, I just wonder where we would fit in with the open meetings law. We can only have a few people, we couldn't have a full meeting.

CHAIRWOMAN DIRUZZO: I don't think we are suggesting that.

MR. MASSARO: Some of these areas, I am looking at them as not being issues in the rate case, you are not asking for a franchise fee in this upcoming filing. Some of these areas where the Task Force members would like to have an

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up front discussion with the Commission, they weren't at issue....Perhaps you could have Richard there....

JUDGE MCGAIR: They could meet on any issue that wouldn't be concerned in the petition that is before them. I don't think they could go in and meet on anything that would anyway affect them or be connected with or related to anything that they would decided in terms of the petition. I think that under general subject, they could meet. There is a question in my mind that this is an organized committee whether or not you have to comply with the open meetings law. Separate and apart from the ex-parte type of thing that Richard refers to.

MR. MILANO: One concern that I have, depending on what Richard files, compliance with the recommendations in the past order would become matter and therefore, that might include this. It depends on if he were just talking about ---- and that was the only part of the filing, that might be a different situation. It depends on what he will be filing for.

MR. MASSARO: I could discuss it with the Commission's attorneys.

MR. RAFANOVIC: I can pretty well tell you that our filing will be very narrow.

CHAIRWOMAN DIRUZZO: How are we going to proceed?

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: Do you want to go through the rest of these?

MR. MASSARO: I mentioned something about Board membership expansion to some professionals that work....it was mentioned in the Management Audit Report, what might the feeling be...Evelyn and Joan are on the Board, would you look at it as a workable deal, and perhaps how many non municipal representatives. Not that the municipal representatives could not be the type of people that you could rely upon to give expertise to the Purchasing Committee or the Finance Committee or something of that nature. You people work on that now, making decisions for the city. **What is your feeling about expanding Board membership?**

CHAIRWOMAN DIRUZZO: **I don't want to see the Board become too large.** It's hard to work with a Board that becomes too large because everyone has their own opinion. Then it's difficult to get a quorum many times. **I wouldn't want to see it larger than nine** Certainly not more than 11. Someone mentioned 15 at one time, I thought that was too many. That's my opinion.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: **I think that 9 is a good number. Three sub committees of three each.** I think the appointment of people to

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this board should be monitored and approved, so that the people that you are appointing at least have some expertise or knowledge, whether it's business, engineering or medical, whatever. I think it has to be a knowledgeable board. Not a yes, yes board.

CHAIRWOMAN DIRUZZO: They are only getting one appointment. One person for Cranston, Johnston and North Providence.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: That's because of the rate payers in that specific area. Most of the rate payers are in Providence.

MR. RAFANOVIC: If you glance at the draft resolution on pages 2 and 3, that's a suggestion, that doesn't mean that that is what it should be. If you read it, it gets complicated because it goes through the mechanics of having people come on it in two years, but the essence of it. It says 9 members, 5 from the City of Providence, 3 of whom shall be appointed by the Mayor, 2 from the City Council. Then it goes who should go first, second and third. Then it says one each. You can expect that the Mayor's of these councils would have the prerogative of appointing, and that wholesalers, it was suggested that the wholesalers would have to jointly pick one, and that's up to them how they pick it. They would have to establish some kind of wholesalers committee.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: How many are on the board now?

MR. RAFANOVIC: **Seven.** One ex-officio member, which is whoever is the current Finance Director of the city, two from the City Council who you have here now, and the other four are appointed by the Mayor, public people. Personnel labor contract, procurement, we have more or less talked about it in a round about way, and they all fit the same scenario.

MR. MASSARO: These are some of the major findings in the report. Richard was asking for personnel labor contract ---. Some of the financial control has been provided to Providence

MR. RAFANOVIC: **Borrowing is an issue, but it needs to be spelled out so that the City can not be implicitly liable for our debt,** even though it is not very likely that it would happen, but **the authority to board only needs to be granted.**

CHAIRWOMAN DIRUZZO: What is that going to require?

MR. RAFANOVIC: Just a change of the Charter. We have already talked about the **Retirement System.** I think it is my own personal opinion that we should remain the same. You can always create a new system, but I don't think it

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would be practical. I think the employees should continue in the Retirement System.

CHAIRWOMAN DIRUZZO: With regard to contract negotiations, I don't know whether or not if the Water Supply Board were to take it over, it would require approval by the membership of the union people.

MR. RAFANOVIC: We negotiate with the union now. Salaries, COLA's, health insurance, things like that, the Mayor negotiates. Right now, the terms and conditions, clauses like no hire, no fire, it comes from the Mayor or whoever represents. We have been negotiating individual classifications and individual issues that come up at the Water Supply Board. As time is going, our classification is becoming more Water Supply identifiable. So for practical purposes, if we continue on this tract, in another two years or three years, there will be no classes left that are at the city's end at the Water Supply Board, but we certainly need opportunities to have different work shifts than the city has. We have to have the opportunities to work Saturdays.

CHAIRWOMAN DIRUZZO: That's what I am asking, is there any change in working conditions. Do you sign the contract?

MR. RAFANOVIC: No we don't.

CHAIRWOMAN DIRUZZO: Then you are not the chief negotiator.

JUDGE MCGAIR: They are part of the city now and anything they do the city does it. They have no independent authority at the present time. They have a city like the Public Works Department, or any other department.

CHAIRWOMAN DIRUZZO: They do what they want to. They are going to have to have their own negotiating team. It's not the Mayor doing it.

JUDGE MCGAIR: It depends on how it is set up.

MR. RAFANOVIC: This is not a major obstacle because as I am saying, the nitty gritty, other than these umbrella type of issues, any interim changes I sign, so does the city.

CHAIRWOMAN DIRUZZO: The only reason that I bring that point up is that your people, your employees, refuse to go along with that, it could be a big obstacle.

MR. RAFANOVIC: The biggest worry the employees would have is the Retirement System and continued protection from Local 1033. There is no intent to create a separate union. I don't want to speak for 1033, but they are not sympathetic. 1033 comes in two pieces, employees and corporate. It always

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comes that way. I don't want to speak for others, but I am going to say the union is generally sympathetic to the concept, but they do have concerns.

CHAIRWOMAN DIRUZZO: If you are going to start talking about the times they start work, etc., that's going to be a big issue with your people. I agree that he needs to make changes, but I have dealt with unions and negotiations in the past. I know how problematic it can be.

MR. RAFANOVIC: They have to be part of the process. It takes more than two to tango.

CHAIRWOMAN DIRUZZO: Then there is the Residency requirement. I am not the biggest supporter of this. That will be a problem.

COUNCIL PRESIDENT PRO TEMPORE FARGNOLI: We recently had a residency committee set up some new guidelines for the enforcement of the residency. Needless to say the council is in support of it.

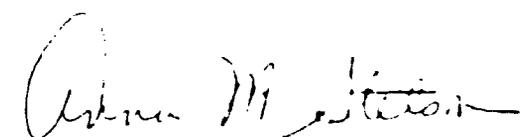
MR. RAFANOVIC: I am just going to mention two things. One is of general fairness. The people who drink our water are saying why can't we vote for it. I am not going to say that I am making statements for right or wrong, I am saying what is coming up. Second I am going to say to you that as the pool of professional people is shrinking, it becomes harder and harder to get enough of their recruitment pool from which to hire if people are told in order to work for the Water Supply Board, you have to move from North Providence into Providence. If they move from Maine, it's no problem. But to move from North Providence or Warwick to Providence, it's a problem.

Discussion ensues regarding when the next meeting will be.

(It is agreed by the Committee to meet on Thursday, August 29, 1996)

ADJOURNMENT: On motion of Mr. Rafanovic, seconded by Mr. Milano, it is voted to adjourn the meeting at 6:50 o'clock p.m.


SECOND DEPUTY CITY CLERK



ASSISTANT CLERK

*Ordinance
Committee*

COUNCILMAN ALLEN: Madam Chair, I move that we pass the ordinance as amended including the release form as amended to include the marital status and filing status and we -- City Solicitor's office to do the language and also the release form as amended.

On motion of Councilman Allen, seconded by Councilman Clarkin, it is voted to approve the foregoing ordinance, as amended.

VICE-CHAIRWOMAN WILLIAMS: Any questions? All those in favor?

COMMITTEE: Aye.

COUNCILMAN ALLEN: I need to amended. I move to reconsider the motion.

On motion of Councilman Allen, seconded by Councilman Clarkin, it is voted to reconsider the foregoing motion.

VICE-CHAIRWOMAN WILLIAMS: All those in favor?

COMMITTEE: Aye.

COUNCILMAN ALLEN: New motion is that we approve this draft for the public hearing as amended.

On motion of Councilman Allen, seconded by Councilman Clarkin, it is voted to approve the foregoing ordinance for public hearing as amended.

MRS. MORETTI: A question was just raised about the residency issue and the way we've interpreted it has been that when the residency requirement was in effect some time in the 80's applied to all of the people until it was rescinded. At the time that it was rescinded it took out all of the people who had previously been covered by it and it is only something that's going forward and I just want to be sure that we all have that same understanding.

VICE-CHAIRWOMAN WILLIAMS: We do have a lot of people here on the second, so we ought to get started.

**REPORT FROM COUNCILWOMAN JOSEPHINE DIRUZZO,
CHAIRWOMAN OF THE STUDY COMMISSION OF THE WATER
SUPPLY BOARD TASK FORCE, RELATIVE TO THE
MANAGEMENT STUDY AND AUTONOMY OF THE WSB.**

VICE-CHAIRWOMAN WILLIAMS: I would like for this to be presented to the Committee as if we know nothing because we really don't. Well, maybe just a summary of what this is about. So, Councilwoman, would you like to began?

COUNCILWOMAN DIRUZZO: If you refer to, Madam Chairwoman, in back of this packet that was handed out, Mr. Rafanovic was go at constructing this handouts, has information attached to the back of the autonomy part and it gives a brief history of the travel of this entire request. Actually, I guess a couple of years

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ago the Water Supply receiving presentation from Mr. Rafanovic with regard to the request to become autonomous. And at that point, it was suggested that the two councilmatic members who at that time were Councilwoman Fagnoli, who is still a member of the board and Councilman Mancini were asked to present a resolution to request a to become autonomous that would require a Charter amendment and that's how this all started out. It was on the Council floor and it was referred to the Ordinance Committee and at that point Mr. Rafanovic made a presentation. I suggested to the Chairman that the Ordinance Committee not fully address this request because we have a Councilman Petrosinelli had appointed a Water Supply Board Task Force prior to that request and we were in the process of reviewing the management study that was ordered by the Public Utilities Commission and because we had not had the opportunity and so many things got in our way, we had not had the opportunity to discuss it and study it, I suggested that the Water Supply Board Task Force review the management study prior to the Ordinance Committee addressing it and that's why it's on the agenda tonight. The Task Force has reviewed the management study and we have fortunately been luckily enough two members of the PUC Commission on the Water Supply Board Task Force who have been extremely helpful to us and we have three councilmatic members and the finance director and naturally Mr. Rafanovic. So, it has been a good Committee. The composition has been very good and diversified. And we asked a lot a questions with regard to the concerns that the Council people had with regard to the operation of the Water Supply Board and a number of problems that we're aware of, along with the results of the management study proposals, the recommendations and findings. I don't know if the entire Council received a copy of the management report that they did. It's a very interesting report to read because we can actually can identify with a lot of it, if you read it. **One of the main points that among the many recommendations that the authors of this report being the Vista Consulting Group which were hired by the Public Utilities Commission have made is that the Water Supply Board be allow to become autonomous.** The Water Supply Board Task Force has passed this report back to Ordinance Committee with no recommendation because we weren't charged with making the recommendation. **The recommendation will be made by this Committee.** I just want to read a few things and I have a few observations that I made with regard to the study. It was conducted in 1994 and it took us a long time to get to it. **The report was submitted in September of 1994 with a very strong recommendation that the Water Supply Board become autonomous body indicating that the current**

system by which the Utilities governed where the City retains considerable control over the operations and finance of the Water Supply Board, but where cost and quality of service are regulated by the Public Utilities Commission. It's just not workable indicating that the Water Supply Board is caught up in the worst of all possible worlds and I would have to agree with that. However, the study is recommending autonomy. It cautions that in order for the autonomy to be successful Providence Water Supply Board must be willing to except that many financial and operational responsibilities associated with the independence without relying on the City for financial or technical support. As I indicated throughout our many subsequent meetings, the Water Supply Board Task Force reviewed many items and topics, but still many, many questions in our minds. Mr. Rafanovic has been extremely helpful knowing that we have a lot of questions and Richard is always 10 steps ahead of everybody else. He has supplied us with a number of charts and recommendations. He's broken down a good deal of the information. Richard, do you have one of the status details attached to this packet that was passed out to them?

MR. RAFANOVIC: I have just a brief summary. I don't have the detail to the extent that it was provided to this Committee. I have another hand out.

COUNCILWOMAN DIRUZZO: Which would be helpful to the people.

MR. RAFANOVIC: Right which will be helpful to the people. Would you please pass that one out.

VICE-CHAIRWOMAN WILLIAMS: Now, I'm recalling what has happened over the past few years and I remember going down to the PUC and how upset we were and when then management study was put together. So, it's falling into place and really what you're saying is that the Ordinance Committee needs an understanding of who things have progressed. **The PUC now feels that if the Water Supply Board could be more autonomous without political interference, they could run it more like a business and there were concerns about the overlapping between the City and Water Supply Board and the PUC.**

COUNCILWOMAN DIRUZZO: **Yes, one of the common concerns have been the hiring practices at the Water Supply Board, as we have all discussed this in the past and the perception of political influence on the hiring. They had talked about that in this management study. That was one of the main concerns.**

COUNCILWOMAN FARGNOLE: Madam Chair, this all originate at the time at there was legislation up at the State House that wanted to take over our Water Supply System. At that time, the Council voted unanimously not to make

that happen and we had such an outpouring of interest by the taxpayers and by the people within our own districts that opposed the sale of the Water Supply system. So, the next best step was to make sure that the management was put under proper control and that's when this autonomy came into play. We cooperated with the PUC, made all the necessary improvements and to Rafanovic's credit, I'd say a good portion of them are in place.

COUNCILWOMAN DIRUZZO: If anything, if nothing else that has come out of the Water Supply Board Task Force being formed is been that, as you know we had a public relations problem there with the Director of the Water Supply Board and the Director of Public Utilities Commission knocking heads all the time, and I think that through this process that we've been able to cure that problem. We found out what the problems were and Richard cooperated with the PUC and prepared the cases a lot better and a lot of help was give to Richard - - and we've come a milestone with regard to that. **Actually, I don't think they need us anymore. They're doing very well without us.** The question that remains now and I'm sure Richard and the members of the PUC would like to have some impute and something to say today too. **The question that remains now is, should we allow this Charter amendment to be placed on the ballot and what will autonomy do?** Would it be best to have them become autonomous? What would be gain or what would be lose? If we don't allow them to become autonomous, why would we not want that? So, those are the questions that remain at this point. I think that's basically it.

COUNCILWOMAN FARGNOLI: Very well put, Madam Chairperson, how will the City of Providence benefit from the having this in place?

VICE-CHAIRWOMAN WILLIAMS: Mr. Rafanovic, do you want to go over this?

MR. RAFANOVIC: I have provided this hand-out and it basically emphasizes all of the things that both Councilwoman DiRuzzo and Councilwoman Fargnoli said. It is a helpful devise to refresh your memory. The first page poses a question and we prefer that we label the topic on a going forward basis, **should Providence Water become a municipal cooperation rather the autonomy being the label for it. Because as a municipal cooperation, we would then gain the statutory authority to do some of the things that would be beneficial to the City, would be beneficial to the rate payers and certainly would be beneficial to the tax payers of the City who are the owners and the investors of the system.** As mentioned way back in our first meeting and as evidenced in some of the data that we are supplying that question is not separate ownership. **The City is to remain the owners**

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of the water system, but create an entity because right now we are not an entity, we are a department, even so the Charter says Water Supply Board. But, when the Water Supply Board gets sued, the City gets sued because the Water Supply Board can not really get sued. The Water Supply Board doesn't exist, other then in the eyes of the Public Utilities Commission. In front of a court, it doesn't exist. It's the City. So, the question on page one of my hand-out really states, should Providence Water become a municipal corporation of the City of Providence and should that corporation pay the City of Providence in lieu franchise fee of no less than 7% and no more than 15% of their revenues from the sale of water to all the people throughout the State that we serve. You know, how the City uses its money is entirely up to the City. **But, to manage it operation, procurement, personnel and finances separately because these are the things that are needed to I guess to improve projectivities and efficiencies in the system.** Let me assure you that this is a finding that I have reported to the Board 3 or 4 years ago. This is the finding that was made by the independent commission and I have just come back from a seminar on privatization. In that particular seminar there were substantial discussions as to what are the motives from privatization and obviously, **the motives for privatization are for the investors to gain steady revenue.** But, why would that be possible? **And the same issues were raised because municipal agencies tend to have difficulty with the finances, the personnel and the procurement and that's where most of the inefficiencies tend to be.** So, that's that. On page two of the hand-out, if I may, there is a

COUNCILMAN CLARKIN: What decision decides if it is 7% or 14% that the City gets?

MR. RAFANOVIC: That would be the guidelines which we would in our rate filings have to present to the Public Utilities Commission. Once the Charter defines it, the Public Utilities Commission would based on our filings make the final decision. And you see the Public Utilities Commission under Federal and then State Charter have the right to set rates. By providing this guideline and by the submittal of the rates, I believe they would work within these boundaries. Now, what would cause it to be 15 or 7 would be the commission determination as to whether the rates are fair and equitable to all the customers. I don't want to expand this discussion right now, but if we were allowed from savings to pay the appropriate amount then it would be some where, even if the commission set a minimum amount, but if it did not restrict the payment from savings that would be one thing. But, I am right now going to far, but I am speculating, I would say. But,

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under ordinarily circumstances the commission could decide 7, 8, 9 or 10 or up to 15. Will they pick 15 the first time around? I would question that. Will they pick 7 the first time around? That's a good possibility. Could they pick something inbetween based on the filing, I think there is a good chance.

COUNCILWOMAN DIRUZZO: Madam Chairwoman, let me - - to Councilman Clarkin. That was one of our big concerns with regard to the franchise fee and it's also a very big concern of the Internal Auditor. He has brought it to our attention with regard to this question of, could we guaranteed and would this ultimately end up with a rate hike. So, that's one of the questions that we have.

VICE-CHAIRWOMAN WILLIAMS: Basically, the PUC will determine what percentage.

MR. RAFANOVIC: Between those boundaries, I would say, yes.

VICE-CHAIRWOMAN WILLIAMS: So, it's the PUC who will decide.

COUNCILMAN ALLEN: **If this municipal corporation was to be approved, would you envision there would be a rate increase? - - the City of Providence.**

MR. RAFANOVIC: **If it would be, it would be for everyone. It wouldn't just be for the people of Providence.** Let me just show this chart here, allow me to go through and then I'll come back to the question. Here is the chart that shows where the water goes and the water basically translates into money. **The only money we have is from the sale of water.** Twenty-nine percent of the water goes to the City of Providence, 23% goes to retail customers in Cranston, Johnston and North Providence and 48% goes to 12 other communities and by '98, it will be even more because of the Bristol County Authority, you know, Warren, Barrington and Bristol will come - - . So, in any event, I want to point out to you that every dollar that we collect, **71% comes from someone else.** So, that's one thing I would say. Now, let me come to the answer. Some of you may have been approached by people who offered to privatize the Water Supply Board and I'm sure you have heard statements and will give you so many million dollar up front and we want to guarantee to operate this system for 20 years or something like that. Now, **how do they expect to get that money? Probably out of a combination of rates adjustments and savings as a result of productivity. I am saying to you that we can do the same thing.** Can we jump to the same level of savings in the first year, then a private company would do? I would say probably not. But, I think that over a period of time because keep in mind that practices, habits and attitudes of our people have been develop over 75 years. So, it will take change. We are making changes now. We have made substantial changes. But, are you asking me under no

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circumstances will I tell that there will never be a rate increase. There are going to be rate increases as we go along....how much of it would be as a result of that, I am going to tell you less, then if you don't do that.' Because right now our -- are limited by what I would call our ability to operate.

COUNCILWOMAN FARGNOLI: Madam Chair, I have to leave, but I did want to ask two questions. One appears on page 5, where the compensation of the board shall be set by the board annually and shall become effective. Now, does this mean that the board would set its own compensation? I have a problem with that.

MR. RAFANOVIC: I understand that.

COUNCILWOMAN FARGNOLI: **How about the executive director salary, is still by contract with the Mayor?**

MR. RAFANOVIC: **No, it's by contract with the board.**

COUNCILWOMAN FARGNOLI: With the board itself.

MR. RAFANOVIC: Yes.

COUNCILWOMAN FARGNOLI: That would remain the same, but I have a problem with the board setting its own compensation.

MR. RAFANOVIC: This is a recommended draft. This is what normally board in the private sector, you know normally boards have a compensation committee that makes recommendations to the entire board and the board decides. As you can see, the board is composed of 9 members. It's recommended to be composed of 9 members, 5 of them are Providence members and 4 are others. So, you have a majority. So, you would have pretty good control, I would say.

COUNCILWOMAN FARGNOLI: It's still a problem when a board sets its own compensation. We've seen it happen with the Lottery Commission.

MR. RAFANOVIC: I understand and I'm not saying that this is what it has to be that is recommended language

COUNCILWOMAN FARGNOLI: I'd to review that once again and I'm sorry I have to really leave. But, I do think that we should discuss this and research this thoroughly.

VICE-CHAIRWOMAN WILLIAMS: Well, no decisions will be made this evening. We're just getting the presentation this evening and I notice on the time, it does give us time to....

MR. RAFANOVIC: Not a lot

COUNCILWOMAN DIRUZZO: No, not really.

VICE-CHAIRWOMAN WILLIAMS: But, it says the submission to the Secretary of State's office is September, so we do have a good number of months.

COUNCILWOMAN FARGNOLI: We have budgets too.

VICE-CHAIRWOMAN WILLIAMS: Yes, I know.

MR. RAFANOVIC: I think your limiting factor are the Council meetings that you're going to have in August and July. That's your limiting factor.

VICE-CHAIRWOMAN WILLIAMS: We have one meeting each month, right.

MR. RAFANOVIC: That's your limiting factor. Let me go to the page here right after the chart. It basically raises the issue of what the City would gain and the franchise fee based on current revenues would be between \$2.2 and \$4.5 million depending on whether it is 7 or 15%. What is the value of that? The value of that is \$23 to \$50 million dollars, if the Council chose to get - - cash as a result of the bond issue. That's the present value of a 20 year - -. Now, our rates will go up as time goes on, certainly to cover costs of materials and services and things like that and, correspondingly, the franchise fee will go up as it is. Now, our presently the City can not get any real estate taxes or in-lieu real estate taxes from us. You would free yourself from the liability for future bonded debt, whatever current bonded debt you have, you have. You can't get rid of that unless you refinance the bond and that could be done. Certainly, you would free yourself from liability for damages from law suits. And since right now, hounds against the City's borrowing capacity. I can tell you that over the next 20 years, we are going to have to reinvest into the system in excess of \$200 million dollars of capital plan. I don't know whether any part of it will be done from bonded debt or not, but I'm just listing it as an issue. And as I pointed out, the bulk of the franchise fees is paid by us. Now, what does the City no longer have that the City used to have? You used to have a differential rate that in City people used to have a lower rate than the outer City people, you no longer have that. You don't have any property taxes or in lieu property taxes, you are not getting rental income for Academy Avenue and Bath Street. You have a diminished indirect cost and, yes, you would forfeit the perception that there is control over hiring and purchases. That is what you would lose. So, then the rest of it is a draft of a charter amendment and the last thing is a resolution of the City Council and I am certain that between your decision and the City Solicitor's Office and our attorney's, the right language can we put together. So, can I come back to your question, would there be a rate increase? Have I answered that?

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COUNCILMAN ALLEN: That's okay, I'll read this after I leave. But, I have a couple of other questions. - - this autonomy that you see is to free the agency up from the politics, if you would.....

MR. RAFANOVIC: That's a small point, that's not the only part.

COUNCILMAN ALLEN: Then I look at how the appointments are made, 3 are from the Mayor in the first 5 and then of the people who live outside the City, I guess there are another 3, so that's 6 from the Mayor. Two are from the Council and then 3 more from three other Mayors. It seems to me like you are, if anything, become a much political in terms of.....

MR. RAFANOVIC: I would welcome this committee's ultimate approach and I can give you some variations on it. I'd be pleased to do that. Candidly, I walked a little cautiously here because I know there are ego's at stake.

COUNCILMAN ALLEN: You mean more cautiously for the Council, more cautiously for the administration.

VICE-CHAIRWOMAN WILLIAMS: This sharing of control with the other retail - - was that one of the PUC's recommendations, so that Providence won't have complete control.

MR. RAFANOVIC: ... recommendations that other... let's say that the board be expanded so additional professionals could be added to the board that they nature of their experience, education and employment, there would be, I would say better policy - - .

COUNCILWOMAN DIRUZZO: Better qualified people. I think they had suggested that it be not a 9 member board, I think they said 15 member. Right, John?

MR. MILANO: Right.

COUNCILWOMAN DIRUZZO: But, Richard decided 9.

MR. RAFANOVIC: I picked 9.

COUNCILMAN CLARKIN: Basically, Madam Chairwoman, I'm just going to use an analogy. My great-grandfather built a four decker house in Fox Point. He had one family who lived on the first floor and rented out the other three. In reality he probably only paid \$6,000 when he built the house. The house today is probably worth \$200,000. Now, because those other three families living in there, they're basically saying we part of that house because we paid you rent all that time. That's basically what this commission is telling the City of Providence that we don't own what we paid for because we have to sell the product that we - - . My great-grandfather sold his project which was space. We here in the City happen to

be selling water. Why do we have to give up control to outsiders on this board is beyond me on that part of it. I understand that we might - - because of it. But, it seems pretty stupid, and I think the analogy is basically the same. It wasn't personally my great-grandfather, it was the great-grandfathers of this City that built that thing. It was their money and initial investment and just because they sold water outside, doesn't mean we have to lose control.

MR. RAFANOVIC: I have no comment, other than if some of the constraints are not lifted up and whether this is from a City of Providence board or a mixed board or some other board is then we're not really achieving anything. I'm going to say that the important thing is not the composition of the board. That is as far as I am concerned secondary or -- whatever level you want to put it on. What is important is to have more that is well represented, you have some people with experience, some people that have their feet on the ground and appreciate the customers feelings and that is a good mix for a board. But, what it is important is that we have the operational ability to efficiently and quickly move through the hiring and the procurement process and the management of our finances and the bonding when we need to go to debt and to basically the running of the business in a business like manner. That's is the most important thing. The composition of the board is certainly your choice.

MR. SPINELLI: Madam Chairwoman, may I just add one thing? Again, this is not meant to influence policy because that is not my - - it's yours. But, if I hear something that I think is misinterpreted or maybe not covered at least I can give you additional information. Number one, Councilman Clarkin, at the last meeting, you weren't here, but I did bring up the point about who in fact owns the Water Supply system and again I'm not going to put words in the mouth of these gentlemen. The answer that I got that there is really no question as to who owns the Water Supply system, the City of Providence owns it and the fact that we have sold this project doesn't change that at all. That even though in this proposal, the Water Supply Board would be autonomous. It would be absolutely included -- City of Providence would own the Water Supply. One of the disadvantages of the current arrangement, even though we own it, we are precluded from getting any return on investment. And this proposal because it provides for a franchise payment or whatever you want to call it, it's like in lieu of a return on investment. And then the other thing as far as the composition of the board, although as I say, I don't care how that is. But, the way I read it is that of the nine members, the Mayor appoints three and I thought that maybe you misread that, Councilman, and thought

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the Mayor appoints three of the nine, Council appoints two and then the Mayors of the other three localities each one appoint one and then there's one member appointed by a committee. So, if you read that over I think it will make that clear.

COUNCILWOMAN DIRUZZO: What he's saying is that it may not be on there that's appointing everyone, but it's somebody else's Mayor. The point he is saying that it's still political.

MR. RAFANOVIC: Well, as I'm saying, I'm asking that that not become the turning point because as far as I'm concerned that's the least of my concerns.

COUNCILMAN CLARKIN: That's a big thing for me though.

MR. RAFANOVIC: Yes, that's fine. We can look at different arrangements of the board membership.

VICE-CHAIRWOMAN WILLIAMS: Would you want board members to have any certain qualifications or just be citizens? You know would that help if it was a person who had a background in

MR. RAFANOVIC: Yes, Councilwoman, the consulting organization made a recommendation, they didn't spell it out in detail, but the essence of the recommendation was that **there be some people who have corporate experience, engineering, law, business**. They suggested something from universities. But, I must tell there is substantial benefit to have on a board like this some people who are maybe a small businessman or somebody who would have what I would call, their feet on the ground.

COUNCILWOMAN DIRUZZO: If I may, Madam Chairwoman, I would like to read the paragraph that is included in the study. It's very interesting and very specific with regard to its recommendation for the composition of the Water Supply Board. **It says they are recommending expanding and strengthening the board and giving it increased authority.** The Providence Water Supply Board, they are talking about it now, "is not a decision making body which has authority that is commensurate with its responsibilities. It is too dependent on the Mayor, the Council and even the commission for the authority and resources to implement decisions and it is, therefore, virtually powerless. More over, the members of the board are not well adverse in utility management. This shortcoming magnifies and intensifies the difficulty of carrying out its responsibilities. **The Providence Water Supply Board should be expanded and strengthen to include at least three types of professionals. One, person who are knowledgeable in utility operations. Two, persons with a demonstrated ability to manage large businesses or organizations.**

And three, independent professionals such local university professors, attorneys, engineers or accountants." So, that's their recommendation.

COUNCILMAN CLARKIN: Madam Chair, basically I think I can accept something like that. I guess it's having another Mayor from another city appoint someone in my City.

VICE-CHAIRWOMAN WILLIAMS: I think we want professional people, not political people on the board. I think we would be more comfortable with that. Would you be more comfortable with that?

COUNCILMAN CLARKIN: I certainly would.

VICE-CHAIRWOMAN WILLIAMS: But, we could give the appointing Mayor a choice of a certain business background.

COUNCILMAN CLARKIN: I don't want to give another Mayor any appointment, personally.

MR. RAFANOVIC: Just let us just pose the question, unless you run elections for the board members. How would we get it there?

COUNCILMAN CLARKIN: Maybe have Brown University supply someone, Johnson & Wales supply someone, at least they're in the City.

VICE-CHAIRWOMAN WILLIAMS: But, if there are perimeters as to the qualifications of that person, you know a board is supposed to oversee the operations of the entity.

MR. RAFANOVIC: You're supposed to look at policy alternatives that the professional staff provided them is supposed to give the pulse of the community and supposed to oversee the implementation and the compliance of the actions of the professional staff with the policies. That's the function of the board and obviously it takes a good deal of time to acquire the understanding of the operation of the board. We are today a \$50 million dollar operation. We are going to be more and more the present value of our assets is 100's of million and I think I have provided you with an infrastructure replacement plan, a 20 year plan and some other things that indicates what needs to be done. And the best thing I can tell you that while there were great engineers who built this systems, there was not an abundance of management from the time that they built it.

VICE-CHAIRWOMAN WILLIAMS: I just wanted to point out in relation to this, you're giving this 23% a lot of power, there are three votes there. Five here, three here and one here, that seems a little out of balance to me when you look at who's using the water.

MR. MILANO: I wanted to support this professional of the board and Tom and I had discussed this before. It's very essential to maintain the proper controls the City would want to have individuals with these backgrounds as members of the board. In corporations, there are great assists to the operations of the corporations and the direction of the corporations. And I think the makeup that is proposed still gives a sense of City control because they're putting in five members of the nine and top of selection and setting up the professional requirements would give you that confidence, I would think.

MR. RAFANOVIC: Let me speak on behalf of some of the board members under the existing Charter. Let me just take one position, board counsel. The existing Charter says that the board shall select a counsel with the approval of the Mayor. The process should be very simple, you pick two or three. Whoever the Mayor is, would say this one or that one. The - - of it is that the Mayor could say no 99 times until you come up with the right one. You know that's the other extreme of it. But, in the end, unless you have elected officials, there must be a body or a panel that appoints. I serve on some other boards. A recommendation is made and in this case it requires consent by the legislator. The appointment comes from the Governor and it comes with consent of the legislator. That's another way of doing it. I off hand don't know a different process, but I am saying you have to identify an appointing authority in addition to define the qualifications of the membership. And whether it should be directly appointed or whether it should be with consent of, you know that's to this committee's discretion, I would say. And we can could look at different scenarios.

MR. SPINELLI: Madam Chairwoman, may I ask one final question? Councilman Clarkin, I just want to make sure that I understand what your reservations and comments are. Assume just for one moment that there were a way of appointing 9 highly qualified professionals that everybody agreed with their qualifications and that there was no politics involved whatsoever, just assume that for a second. Do you have a problem with that fact that 5 of these people are going to be Providence residents and 4 would not, are you concerned about that?

COUNCILMAN CLARKIN: It's the political process from other cities that bothers me. They were all to come in straight without a Mayor appointment from another city, I'd probably go along. I understand the ramifications of the problem with the PUC and I also understand we can make some money on this in a way that we're not making now.

MR. RAFANOVIC: I understand and like I say I welcome any impute that would take into consideration what I would call that is commonly accepted appointment procedures today. Election is one extreme and I would say a single person appointing is other extreme, something inbetween.

COUNCILWOMAN DIRUZZO: Madam Chairwoman, as I indicated several times tonight, there are a lot of concerns that the committee has had and we've been asking a lot of questions of Mr. Rafanovic. One of the things which was extremely helpful to us was a handout that he prepared with regard to a summary of changes to the Providence City Charter and we centered really in on the property taxes to the City. Naturally, we want to know that we're going to make some money and we haven't been able to that to this point. **And if we do agree with autonomy, will we be making some money on the real estate taxes and that's another concern that our Internal Auditor has brought to us and we really need to address that because we don't really have the answers that we're looking for in that regard.** And the other thing is, we talked about board membership, most particularly of concern and I've mentioned this to Richard several times, the labor contracts and we need to get some answers in regard to that. Because as it stands now, as you know, the key negotiator in the City for all contracts is the Mayor and his agent and we don't know if that's going to change. It looks to me like it would according to what Richard handed us out today on the Charter amendments. His position becomes extremely - - because he becomes the person in charge of all the hiring, all of the contracts, all of the operations of the Water Supply Board. I'm not so sure that it's going to be that easy to get out of contracts when you have employees who may or may not like the change in the working conditions that may very well come up. So, there are a lot of questions with regard to the work force that we still need to have researched and answered. The other concerns is naturally the residency. Well, if that happens, there will be no residency requirements. So, we don't really have to worry about that. And, of course, as I indicated earlier, the franchise fee, we're still just a little itty as to how much.

MR. RAFANOVIC: **I envision that Local 1033 will continue to be the bargaining unit.** Would we have a separate contract with them? Probably. We presently negotiate about 85% of the issues with them directly. What we do not negotiate with them is the across the board increases, the health insurance and the retirement and what I would call their legal fund. We don't negotiate that. But, the terms and conditions of individual classifications, we negotiate. Those that have common classifications in the City and at the Water Supply Board, we have a

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harder time with because if we need to negotiate something for ten of our people, they say but there are 150 in the City. So, we have a hard time with those. But, that's a workable thing. That's not all that complicated.

COUNCILMAN ALLEN: How about residency?

MR. RAFANOVIC: Residency. Let me just say that I've work for many agencies that have residency. I came here with a residency requirement. So, I understand what it is. Again, I will say to you that it is difficult for me....Providence is a small pool to hire from. We have a need for all level of professionals. We need chemists, we need biologists, we need foresters, we need engineers, we need all kinds of classification that exist in Providence also, but it's a very small pool to hire from. And it becomes even harder when somebody lives in Warwick or lives in North Providence and we say you have to move into the City to work for us and they say we pay to drink your water, but not to continue to live where we are. I came 3,000 miles across the country, it didn't matter whether I lived here or there. I am going to tell you I did make a mistake, I looked at a Texaco map and it says Greater Providence area and I said I could live any place and then I found out the boarder is a little tighter. But, I moved into Providence and I've been living here ever since. There's no problem when you come from 100, 200, 500 miles away. **It's a problem when you come from 2 blocks away.** But, even that it is too small of a labor pool to hire from. Certainly not a problem for entry level position, **but it is a problem for the higher classifications.**

COUNCILMAN ALLEN: So, under this scenario, if this was to pass are you saying then that residency would not be....

MR. RAFANOVIC: That was the recommendation that the Water Supply be exempt from that requirement.

COUNCILWOMAN DIRUZZO: I would suggest, Madam Chairwoman, that those Council people who have not read this management and operation study of the Providence Water Supply Board, please read it because it cost the rate payers \$250,000 dollars to have this done and I think that calls for us to read this thoroughly.

MR. RAFANOVIC: I can provide the whole thing or I can provide the executive summary which will cause you to say "I want the rest or I got enough."

VICE-CHAIRWOMAN WILLIAMS: I think it would be helpful to be able to review all of this and be more knowledgeable about it. Although, this has been helpful, I think the summary that was given has been helpful and it is very

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complicated. So, I think that from here that we will accept the proposal and as presented

MR. MASSARO: Excuse me, Madam Chair, if I could address the committee.

VICE-CHAIRWOMAN WILLIAMS: Sure.

MR. MASSARO: My name is Tom Massaro and I work with the commission and I've been involved in the Providence's rate cases in the last ten days. - - I've spoken to the commission and they have spoken to me and they asked to convey their feeling to you. **They strongly endorse the concept of independent and autonomy in the operations of the Water Supply Board.** It's based upon information that has become before them, it's based upon the fact that - - testimony of the current Chair and Vice-Chair of the board saying that they support it and why they support it - - Mr. Rafanovic. It's based upon the findings of the management audit which was done by an independent company from out-of-state. In this management study, it clearly states a number of reason for autonomy. **There basically they all derive from inefficiencies which hamper the operations of the Water.** It's not to take anything away from the City, it because of the - - relative to **problems with personnel and personnel management, hiring, purchasing, procurement problems - - and so forth.** You can't be a trash -- change the entire operations for the Water Board. The solution that was suggested was that you change the board in some respects - - -. The commission after reading the report, after taking testimony, after seeing the results of operations over a number filings and documentation before them, they strongly support the concept. I just wanted to convey that to you.

VICE-CHAIRWOMAN WILLIAMS: Thank you.

COUNCILWOMAN DIRUZZO: Madam Chairwoman, I would like to say this because I have a lot of concerns with regard to separating and that - - concerns that of a mother losing a son. When you own something, you hate to let it go. So, it is going to take a lot for me to support this even with all the testimony that's been provided and information that has been provided to us because the main the question that I've been asking throughout all the meetings that we've had is that and as Mr. Massaro has just mentioned the inefficiency of the Water Supply Board. I haven't been satisfied with the operation of the Water Supply Board for a long term. RIPEC did a study before this study was done and called to our attention many, many of the problems that we've had there. And what I wanted to know is how would autonomy change that other then taking out politics out of it in creation

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of a new board. If we created it as they've suggested, perhaps, yes, it would make a difference. But, I need to know how providing them with autonomy is going to make the management of the Water Supply Board operations better. I need to know what the differences are going to be. How greater of a difference is it going to be because you can higher Richard or any director will have a lot of power and authority, if the Charter amendment is placed on the ballot and if it is approved. There are going to have to be a lot of changes before you see a difference in that operation and I think we basically agree with that. Right, Richard?

MR. RAFANOVIC: Absolutely, there has to be changes and there will be changes and the best way I can tell you, I don't want to use clichés, working harder is not our problem, we're working harder. We have to work smarter. I have spent over 30 years of my life working mostly in government and private business. I had owned and I still business in other state, not here and I know that especially in private business, working hard means nothing. When it's all said and done, there's got to be a buck left on the table. But, in order to do that, you must have the freedom to operate. Now, I don't care whether you're in private business or in government, there are always constraints and you have to be able to succeed within those constraints. But, management has to have the obligation to create a climate in which these things can come about. The way these things come about with a participatory board that is being presented policy alternatives that the general manager and the senior management team implements. You can set performance standards and benchmarks to which you work. These things do exist. We are know - - performance management systems. Should we now measure our..... We need to show incremental improvements from year to year, that's how you do that and yes, you have to negotiate the climate in which you can do this. Right now, it is very difficult to do that because we have to seek approval from too many approving systems.

VICE-CHAIRWOMAN WILLIAMS: Could you assure accountability better if you had more control over the employees in the Water Supply Board?

MR. RAFANOVIC: **Let me tell you when I run my own business, I certainly know what to do.**

VICE-CHAIRWOMAN WILLIAMS: Well, I've tell you and I didn't intend to share this. But, I had some car trouble on North Main Street today and while I was waiting for 45 minutes for the AAA to come, a Water Supply Board truck came up and for 10 minutes it was left running and there was someone still in, and the driver of the car went into an establishment for 10 minutes and it wasn't an

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eating establishment. And I was sitting there waiting patiently and I took down the number the truck and a description of the two men in the vehicles and I thought to myself, "I'm going to call Richard Rafanovic and make a complaint about this." I was ten of three in the afternoon. I wrote it down and I have it here in my pocketbook and I didn't know all of you people would be here and I see Providence Water Supply Board trucks all the time on the road during day going into banks. I just say to myself, "These people are supposed to be working, why are they going to the bank at 2:00 o'clock in the afternoon. Don't they have work to do?" So, I have a lot of concerns about the employees and I think because they're out on the road, it's difficult to control that. But, you know I have concerns too. **My feelings is though that if autonomy and independence is going to help more accountability and run a more efficient agency, then this is a good thing. This is in the right direction.**

MR. RAFANOVIC: I have been here since 1990, six years plus. I'm not proud about the statistic that I am about to tell you. But, to my understanding and about 75 years prior to that, there wasn't a single employee that was terminated for non-performance of work. Since 1990, we have terminated 26 to 27 employees. Thirteen of them were management employees and about 13 or 14 of them were bargaining unit employees. It's not easy, it's very hard. But, we have done it. Now, when I told you up front and I'm going to repeat this again, can this thing be done overnight? No. Because you see there is an up and down attitude that needs to be changed. When I came here there were all good working people and some of the supervisors say "Why should I try? It gets turned over anyway." We are changing this attitude. **If I am granted independent operation, will this change next month? No, it won't change next month. But, it move a lot faster.**

COUNCILMAN ALLEN: --- private sector --- dollar for profit. **With this privatization and with this quasi-governmental kind of board, what is the financial impact to the City, is it plus or minus?**

MR. RAFANOVIC: **To the City, itself, it should be somewhere between two to four million dollars depending on what can be achieved. That's the absolute minimum.** Additionally, I firmly believe that the cost of operation is going to be more efficient and that in today's climate, if nothing else would happen by mire virtue of the fact that a year has passed and that certain things are more expense to buy, we would have let's say, **8 or 9% increase in rates.** I am firmly convinced that under that system that these increases can be diminished because of changes in operation. Let me give you an example, today we have people that are designated

to operations, but they sit there and 35% of the time is devoted to operation and 65% of the time is devoted to wait for something to go wrong. If I can make these people to spend their time to do maintenance then I can decrease the cost significantly. That's an example.

COUNCILMAN ALLEN: And using that example by going to this quasi-government board, your saying what you can't do know with that situation, by going to this other kind of structure, that you're going to be able to do it.

MR. RAFANOVIC: I am saying that I am going to be able to that more effectively, but I will still have to deal with the unions. I will still have to deal with the unions. But, you see, I have already negotiated some changes with the unions. But, right now, I get constantly stuck when I negotiate with unions because the Parks Department and this department and some other department. Again, can I do it overnight? No. But, I or any general manager who - - should run it like a business.

COUNCILMAN ALLEN: One other question, Madam Chairwoman. You're saying the City should realize a \$2 to \$4 million dollar - - .

MR. RAFANOVIC: I would say that somewhere in the neighborhood, we should be able to let me say, in the first year, it would not be that much. But, I say over a 4 or 5 year period, we can get there.

COUNCILMAN ALLEN: Your budget salaries, how much money is that?

MR. RAFANOVIC: It's about \$12 million dollars or so.

COUNCILMAN ALLEN: As the Councilperson looks at this saying over a 5 year period time we would be looking at a \$2 or \$4 million dollar annual revenue stream versus a \$12 million dollar budget of personnel and residency is not going to be a factor in this. It seems to me that this residency is an issue that has to be looked at. I don't know how you do it, but it needs to be looked at because I think the scale is going skewed. The Council people are interested in jobs for our constituents.

MR. RAFANOVIC: I don't have the number at the tip of my hand, but I am going to tell you that today the only people that live in Providence are those that got hired after 1993 and I am going to tell you that this is less then 15% of our employees. The rest of them don't live in Providence as it is.

COUNCILMAN ALLEN: But, 15% means \$1.8 million dollars.

MR. RAFANOVIC: That's correct.

COUNCILMAN ALLEN: So, you're looking at \$2 to \$4 million dollars over a 5 year period of time and prorate out what -- the City of Providence is now

versus five years from now. That number has to increase and I don't know.... I think it's something that you need to look at.

MR. RAFANOVIC: I understand where you're coming. You see I have to tell you that's the difference between government and business. Because the government sees itself as an opportunity for employment. Business sees itself to accomplish a task and to do it at the lowest possible cost. I don't know how you reconcile those two conflicts.

COUNCILMAN ALLEN: That's why you get paid big money.

MR. MILANO: In partial answer to you. You have a very efficient well run water system and it does what Richard says in reduces or minimizes your rate. It then provides the City the ability to offer good water services at reasonable rates which Richard is doing right now and it's probably very important to the City to maintain that position. I believe what is being proposed here through the autonomy puts you in a stronger position to do just that and leave it as it is. **Your question on the salaries, your salaries are paid out of the rates, it's not paid out of the City budget.**

COUNCILMAN ALLEN: -- -- where it was going.

MR. RAFANOVIC: I realize what you're saying and you know I would say that these kinds of issues could always be policy issues, not Charter issues. You see the board can say "Look we want you to concentrate on entry level positions in a particular pattern." Entry level position, believe me, they're very important. Not because skills are needed but with what kinds of attitudes that people have. That's the important part because eventually they move up. So, that's important. But, we have done reasonably well on that. I'd got to tell you I basically resented when I'm out in the community and people say the Water Supply Board is a dumping ground. It's not a dumping ground. But, maybe that's what it used to be, but it isn't a dumping ground today. Most of our employees that come to work are really dedicated. Let me say, we have exchanged... we had 8 meter readers, there's only one left from the old crowd and all the new ones tow a different line then it used to be the case. And that's because of steady influence and all of the new ones are Providence residents. Do they cheat on their residency? I don't know.

COUNCILMAN CLARKIN: Basically, I'm not completely opposed. But, I am opposed to a couple of things. I am, as he said, resent and I resented the day PUC said that the City of Providence can't make a return on our money here. Again, using my analogy of my great-grandfather who built this house, this house of water. And you would think just because he built it, he should be able to give

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his relatives a lower rate, if he wants to. The PUC and their "wisdom" said your not supposed to this.

VICE-CHAIRWOMAN WILLIAMS: But, you still feel that the board should still be from Providence, not the outlining.....

COUNCILMAN CLARKIN: I didn't say from Providence. I said that I just don't like the other Mayors making the appointments. I could accept outsiders.

MR. RAFANOVIC: Madam Chairwoman, I appreciate if the Committee would consider a potential meeting. We will provide you additional information. I know what I need to bring. I need to come with some scenarios of selecting a board. I know I need to come with some better information on the transfer of the union. I think those are the two issues that I really need to come with.

COUNCILWOMAN DIRUZZO: And a more firm commitment on the return.

COUNCILMAN ALLEN: Some financial data.

MR. RAFANOVIC: I will bring some financial data.

MR. RAFANOVIC: Well, I will bring some financial data. But, as long as you understand that those are projections, those are not guarantees.

COUNCILMAN ALLEN: I understand that. But, - - make a decision because it's good business and on the other hand you want us to make a decision without the information.

MR. RAFANOVIC: Fine, I understand.

VICE-CHAIRWOMAN WILLIAMS: Well, that's good, at least this discussion has raised some questions that you can research and we will be discussing this again when the Chairman is here.

MR. RAFANOVIC: Can we secure the City Clerk's Office the membership of the Committee, so that we can provide everyone a copy of the handouts including a copy of that little summary and a copy of the executive summary of the study.

VICE-CHAIRWOMAN WILLIAMS: That would be very helpful. It would have been helpful to have received this previously to this meeting. I didn't realize that we will be discussing this so thoroughly. But, it's a start.

MR. RAFANOVIC: Now, do you believe that the next meeting would be appropriate some time no later than the second week of July, unless you can meet later.

VICE-CHAIRWOMAN WILLIAMS: Well, we are having a public hearing in two week and that's on the 27th. So, perhaps the week after that, the second

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week in July probably would be a good time for us to then look at those items that were before the public hearing and to continue to.....

MR. RAFANOVIC: When is your first Council meeting?

MRS. POIRIER: They will vote on it at the next Council meeting because of the holiday.

MR. RAFANOVIC: You see in other words, I would appreciate if you can advise us as soon as you can because at some point this Committee needs to pass something out to the full council and I think, if you look at it, if you need to pass it out earlier enough so we can it on the August agenda that you really have to shoot for that.

COUNCILWOMAN DIRUZZO: My suggestion, Madam Chairperson, is that since the entire Council will probably want as much background as it can possibly have in this regard, I would suggest that we disseminate as much information as we can. When you don't deal with something all the time, you are just left in the dark.

VICE-CHAIRWOMAN WILLIAMS: And you don't want to wait until the last minute and then they're scrambling to get the information and a lot of controversy.

MR. RAFANOVIC: Would you want me to disseminate the information under a cover basically saying that the Ordinance Committee requested that it be given to all of the Council.

VICE-CHAIRWOMAN WILLIAMS: I think that's an excellent decision. I think that what you need to do is that you let the full Council know that this study and **this proposal has been submitted to the Ordinance Committee and it has been accepted as of June 12th** and this is background information to help you to understand the proposal. So, I really think that that will be important because then when it's voted out of this Committee, they will have some understanding of it and there will have to be a public hearing, as well.

MR. RAFANOVIC: That pretty well has to take place some time in August.

VICE-CHAIRWOMAN WILLIAMS: I know.

COUNCILMAN ALLEN: Madam Chair, I would recommend that maybe Richard talk to the leadership Council and maybe get a maybe of the Council As A Whole because I think this is a big enough issue because there are going to be a lot of questions.

VICE-CHAIRWOMAN WILLIAMS: Send them the information and give them a chance to read it and the public hearing is going to have to be some where

in July. Because we can't pass it out of this Committee without a public hearing. Maybe we could have a meeting after the public hearing on the 27th, just a very brief meeting to look at setting up a public hearing for this item.

COUNCILWOMAN DIRUZZO: You're talking about the Council As A Whole.

COUNCILMAN ALLEN: I don't think you want to do that because the same problem we had with Residency, the final documents need to be completely done to be presented at the public hearing.

VICE-CHAIRWOMAN WILLIAMS: And you want the Council to of had a chance to look at.

COUNCILMAN ALLEN: I think we need to get the full Council together and get this information out as quick as possible.

VICE-CHAIRWOMAN WILLIAMS: Maybe that week of the 24th, we could have a meeting of the Council As A Whole.

MR. RAFANOVIC: I would have a difficult time the week of the 24th.

VICE-CHAIRWOMAN WILLIAMS: When is a good time for you?

MR. RAFANOVIC: I realize next week is the first week in July and the 4th is the holiday, but certainly the 2nd is a Tuesday is doable with me.

VICE-CHAIRWOMAN WILLIAMS: Would it be all right to have a meeting during your vacation? We can't delay it.

COUNCILMAN ALLEN: If we have a meeting, I thinking even like next week of the Council As A Whole, if the leadership says yes and people are around.....

MR. RAFANOVIC: How about the week of the 17th through 20th?

VICE-CHAIRWOMAN WILLIAMS: We have a full Council meeting on the 20th. Do you want to be brief before the Council meeting? If you send out the information and ask people to read it. Could we have a meeting before the Council meeting because the Council will be coming for 7:30 Council meeting on the 20th, could we meet earlier, say 6:00 o'clock so that we can go over this.

MR. RAFANOVIC: We have something out and if it is permissible, we can deliver it to their homes no later than Saturday.

VICE-CHAIRWOMAN WILLIAMS: We'll get it by the 15th and then we'll have a meeting of the Council As A Whole on Thursday the 20th at 6:00 o'clock. You know, you can brief the full Council about this and that will be a step in the right direction in terms of assimilating it and debating it.

MR. RAFANOVIC: I will flag issues like, for example, board composition.

COUNCILWOMAN DIRUZZO: You really have to get down to the basics on the labor part of it. Because there are too many questions unanswered on that.

MR. RAFANOVIC: I understand that and there are two or three issues.... I got to tell you that it's a slippery issue. Like many issues, the more pressure for decision, the easier it is to get people to the table, especially, in a union.

VICE-CHAIRWOMAN WILLIAMS: We have to pass this by the leadership to make sure that the leadership is in agreement to this. The Clerk will be in touch with you to confirm because we can't really make that decision. That's sounds reasonable.

MR. RAFANOVIC: Now, I will be contacted to confirm. I need to talk to the leadership?

VICE-CHAIRWOMAN WILLIAMS: No, the Clerk will talk with the President Pro-Temp, Councilwoman Fagnoli and ask her what we have proposed is acceptable.

MR. RAFANOVIC: Okay.

VICE-CHAIRWOMAN WILLIAMS: And then you will get a confirmation of that and a notice, if it is.

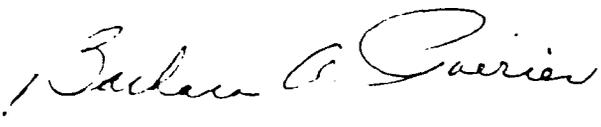
MR. RAFANOVIC: I appreciate a phone call. I certainly feel that a personal comment from either of you will carry a lot of weight with the leadership.

VICE-CHAIRWOMAN WILLIAMS: Do we need to formally accept this?

COUNCILWOMAN DIRUZZO: No.

VICE-CHAIRWOMAN WILLIAMS: No votes needed.

ADJOURNMENT: On motion of Councilman Allen, seconded by Councilwoman DiRuzzo, it is voted to adjourn at 6:55 p.m.


CLERK


Assistant Clerk