



RESOLUTION OF THE CITY COUNCIL

No. 104

Approved February 25, 2025

RESOLVED, That the Members of the Providence City Council hereby Authorize Approval of the Agreement by and among the Town of Foster and the Providence Water Supply Board, an enterprise fund of the City of Providence, and the City of Providence, relative to the Tax Agreement for the Town of Foster.

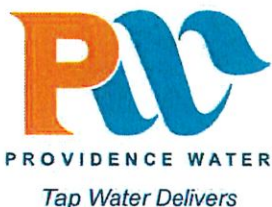
IN CITY COUNCIL
FEB 20 2025
READ AND PASSED


RACHEL M. MILLER, PRESIDENT

CLERK

I HEREBY APPROVE.


Brett P. Smith
Mayor

Date: 2/25/2025



December 20, 2024

Council President Rachel Miller
Providence City Hall
25 Dorrance Street
Providence, RI 02903

The Hon. Brett P. Smiley
Mayor
Ricky Caruolo
General Manager

Re: Foster Tax Agreement

Dear President Miller,

The current ten-year tax agreement between the Providence Water Supply Board (PWSB) and the Town of Foster is set to expire on December 31, 2024. The PWSB owns approximately 2200 acres of land in Foster. Recent negotiations with Foster have resulted in a proposed tax agreement with favorable terms:

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William E. O'Gara, Esq.
Legal Advisor

- This is a ten-year prospective tax treaty that begins with taxes assessed as of December 31, 2024 and continues through taxes to be assessed as of December 31, 2033.
- PWSB would pay an agreed-upon rate (\$402,950 - \$573,534) during the terms of the agreement.
- All property acquired by PWSB during the term of the agreement would not be taxed. No additional taxes would be paid on improvements to any property owned by PWSB.
- The proposed payment schedule has been established based on the assumption that Foster will raise taxes annually by the 4% maximum property tax levy allowed by law. PWSB agrees that the taxes would increase each year but limits any tax increase to actual increases in the tax levy that year. If the tax levy increases above 4%, Providence Water agrees to pay the additional increase.
- Foster agrees to continue to classify all of PWSB's certified forest land as such during the term of the agreement.
- The agreement may be extended for an additional ten years.
- The funds needed to pay taxes to Foster are included in our rates per the RI Public Utilities Commission.

MEMBER

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New England Water Works Assn.
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Providence, RI 02907


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At the meeting of the Providence Water Supply Board held on October 16, 2024, all Board members present approved the agreement. We are requesting that this matter be placed on the City Council meeting docket for approval. This agreement was approved by the Foster Town Council on September 26, 2024. A copy of the tax agreement is attached.

Respectfully,
PROVIDENCE WATER SUPPLY BOARD


Ricky Caruolo
General Manager

AGREEMENT

This AGREEMENT made this ____ day of _____, 2024, by and between the TOWN OF FOSTER ("Foster"), the PROVIDENCE WATER SUPPLY BOARD ("PWSB"), an enterprise of the City of Providence, and the CITY OF PROVIDENCE ("CITY"), hereafter PWSB and CITY are sometimes collectively referred to as the "Water Supply Board".

WHEREAS, PWSB and CITY own certain real and personal property located in Foster; and

WHEREAS, certain property owned by PWSB and CITY in Foster is subject to taxation by Foster; and

WHEREAS, PWSB, CITY and Foster agree that the method and approach to assess, for purposes of taxation, the several properties and improvements thereon, owned by PWSB and/or CITY could result in unwanted litigation; and

WHEREAS, the parties determined that an agreement concerning the payment of taxes to Foster by PWSB and/or CITY is in the public's interest and avoids expensive and uncertain litigation which would be otherwise funded by ratepayers and taxpayers.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the mutual promises and covenants herein made, each of the parties hereto agree as follows:

1. Ten (10) Year Tax Treaty.

For a period of ten (10) years beginning with the real estate and personal property taxes assessed as December 31, 2024 and continuing on and through the real estate and personal property taxes to be assessed as of December 31, 2033, Foster shall charge the Water Supply Board and the

Water Supply Board shall pay annual real estate and personal property taxes, and the taxes will be due and payable as follows:

FY 2026	\$402,950.70
FY 2027	\$419,068.73
FY 2028	\$435,831.48
FY 2029	\$453,286.74
FY 2030	\$471,395.33
FY 2031	\$490,251.14
FY 2032	\$509,861.19
FY 2033	\$530,255.64
FY 2034	\$551,465.86
FY 2035	\$573,534.50

The above payment schedule is based on the assumption that Foster will raise taxes annually to the maximum property tax levy of 4% allowed by law. The foregoing payments schedule will not change for the duration of this Agreement, except that (1) in the event that Foster does not raise taxes by the assumed maximum property tax levy of 4% allowed by law in any given year, or (2) in the event that Foster obtains permission under R.I.G.L. § 44-5-2 and increases taxes above the assumed maximum property tax levy of 4% allowed by law in any given year, then the Water Supply Board's tax payments will be adjusted by the appropriate percentage by which taxes were either not raised to the 4% maximum or were raised in excess of the 4% maximum in the applicable years. For example, (1) if the maximum allowable increase in the levy is 4% and Foster only raises its tax levy by 3% then a 1% reduction will be made for that year, and the appropriate reduction will also apply in each remaining successive year of this Agreement, or (2) if the maximum allowable increase on the levy is 5% and Foster raises its tax levy by 5%, then a 1% increase will be made for that year, and the appropriate increase will also apply in each remaining successive year of this Agreement.

The parties agree that this Agreement may be extended for an additional period, not to exceed ten (10) years, under such terms and conditions as the parties shall mutually agree upon in writing.

2. Tax Classification.

For the entire term of this Agreement, Foster agrees to classify as forest land on its assessment list, all land owned by the Water Supply Board that the Rhode Island Department of Environmental Management ("RIDEM") certifies now or in the future as forest land. Foster and the Water Supply Board agree that the foregoing classification by Foster is for the purpose of settling a dispute among the parties, and is not an admission by Foster that the Water Supply Board's land is forest land or is entitled to forest land classification under the laws of the State of Rhode Island. Upon the termination of this Agreement, Foster shall be entitled to take any actions, in accordance with state law, with respect to the forest land classification of the Water Supply Board's land as if this Agreement including, but not limited to, removing all of the Water Supply Board's land from the Foster list of classified forest land, denying any application by the Water Supply Board to the Foster Tax Assessor for classification of land as forest land and issuing a use valuation assessment for the Water Supply Board's land by Foster Tax Assessor. The Water Supply Board also expressly reserves and will be entitled to exercise any and all rights and remedies, whether appellate or otherwise with respect to Foster taking any of the foregoing actions.

The parties also agree that they will not use any of the terms, provisions or agreements contained in this Agreement against the other in any future proceedings concerning the assessment or collection of taxes by Foster. After the termination of this Agreement, all parties shall be entitled to present their positions concerning the issue of forest land classification and valuation just as if this Agreement never occurred.

3. Additional Property or Improvements.

The parties agree and understand that the agreed taxes established by this Agreement include any real and personal property which may be acquired by the Water Supply Board, and any

improvements to any property owned by the Water Supply Board, during the term of this Agreement, and that the taxes to be paid by the Water Supply Board during the term of this Agreement will not be increased as a result of any such acquisitions or improvements.

4. Termination.

This Agreement shall terminate on January 1, 2034. Notwithstanding the foregoing, effective as of December 31, 2025, and after, (but not before), Foster shall have the option to terminate this Agreement after receipt of actual notice that the Water Supply Board has, on December 31, 2025 or after, sold, leased or otherwise alienated any of its water supply system property to a non-public entity by giving written notice to the Water Supply Board within thirty (30) days of Foster's receipt of such actual notice. This option to terminate shall only apply to the water supply system property actually sold, leased or otherwise alienated to a non-public entity and the Agreement shall remain in full force and effect for the balance of the Water Supply Board's property. The effective date of the termination shall be December 31 of the calendar year following the calendar year in which Foster gives written notice.

5. Miscellaneous.

A. This Agreement shall be governed by and construed in accordance with the laws of the State of Rhode Island.

B. This Agreement constitutes the entire agreement among the parties and supersedes any prior communications, written and oral, with respect to all matters pertaining thereto. This Agreement shall not be modified or amended except by an instrument in writing signed by the parties hereto.

C. All notices, requests, demands and other communications hereunder shall be deemed to have been duly given if hand delivered or if sent by prepaid registered or certified mail or by a recognized overnight delivery service to the parties hereto at the following addresses:

For PWSB: (1) General Manager, Providence Water Supply Board, 125 Dupont Drive, Providence, RI 02907, (2) Director of Finance, Providence Water Supply Board, 125 Dupont Drive, Providence, RI 02907, and (3) Leah J. Donaldson, Esq. McElroy & Donaldson, 3 Cedar Meadows Drive, Smithfield, RI 02917.

For Foster: (1) President, Foster Town Council, 181 Howard Hill Road, Foster, RI 02825; (2) Finance Director, Town of Foster, 181 Howard Hill Road, Foster, RI 02825; and (3) Town Solicitor, 181 Howard Hill Road, Foster, RI 02825.

Any party hereto may change its address for notice purposes by providing notice in accordance with this provision. Any notice, demand, or other communication shall be deemed given and effective as of the date of delivery by hand, or upon the fifth day following mailing.

D. This Agreement constitutes a valid and binding agreement of the parties hereto, enforceable in accordance with its terms. This Agreement shall be binding upon, and shall inure to the benefit of, the parties and their respective successors and assigns.

E. The parties agree that they shall meet not later than one hundred eighty (180) days prior to the termination of this Agreement for the purpose of discussing a possible extension of this Agreement or a new similar agreement.

F. The parties agree that, during the term of this Agreement, it shall not be necessary for the Water Supply Board to file any notices of intention to bring in an account, any accounts, or any appeals of any kind, and this Agreement shall control all obligations of the Water Supply Board to pay all taxes to Foster during the entire term of this Agreement. This Agreement may be enforced

as a contract directly in the Superior Court of the State of Rhode Island, without the necessity of the filing of any administrative appeals or the exercise of any other administrative remedies by the Water Supply Board or Foster.

G. This Agreement may be signed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute by one and the same instrument.

IN WITNESS WHEREOF, the parties have here unto caused these presents to be executed on this ___ day of _____, 2024, by their duly authorized representatives.

Executed in presence of:

PROVIDENCE WATER SUPPLY BOARD
OF THE CITY OF PROVIDENCE

Rachel Pichette
ce

Ateesh S. Chanda
Ateesh S. Chanda, Chairman

THE CITY OF PROVIDENCE

Shatteroy Goswami Peña

Brett P. Smiley
Brett Smiley, Mayor

THE CITY OF PROVIDENCE

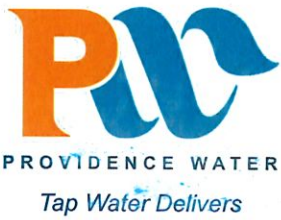
Sheri A. Retronio

Rachel Miller
Rachel Miller, City Council President

TOWN OF FOSTER

Julia Schmitt

Denise L. DiFranco
Denise L. DiFranco, Town Council President



January 27, 2025

To: Tina Mastroianni, City Clerk
From: Cheryl McCreight, Finance Director
Subject: Finance Committee Mtg 1/23/25 Additional information

The Hon. Brett P. Smiley
Mayor
Ricky Caruolo
General Manager

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Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

Additional information for the Foster Tax agreement with Providence Water was requested at the 1/23/25 Finance Meeting per Finance Chair Helen Anthony.

The 2023 valuation of the Foster properties is \$22,217,900. If properties were taxed at the FY24 commercial tax rate based on the full 2023 valuation, taxes due would be \$462,798.86. The agreement amount starts below this rate and includes language that any new property acquired during the agreement would not be taxed. Enclosed is a list of properties.

cc: Ricky Caruolo
Gregg Giasson

MEMBER

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Providence Water Property in Foster

Plat/Lot/Parcel	Location	Valuation 2023		
06/0014	Plainfield Pike	\$1,960,700	FY24 Tax Rate	\$20.83
06-0014-03	Plainfield Pike	\$45,900	Total Valuation of Properties	\$22,217,900
06-0014-D	Isthmus Rd	\$230,000	If taxed at FY24 Commerical rate for 2023 valuation	\$462,798.86
06-0014-E	Isthmus Rd	\$11,500		
06-0014-I	off Isthmus Rd	\$91,000		
06-0016	off Isthmus Rd	\$250,000		
06-0021-A	Old Plainfield Pike	\$130,000		
06-0026	Isthmus Rd	\$330,000		
06-0033	George Washington Hwy	\$30,000		
09-0027	Hemlock Rd	\$1,960,000		
09-0035	Plainfield Pike	\$6,214,700		
12-0012	Kate Randall Rd	\$240,000		
12-0039	Rams Tail Rd	\$800,000		
12-0041-A	Rams Tail Rd	\$93,900		
12-0042	Rams Tail Rd	\$2,600		
12-0042-A	Rams Tail Rd	\$4,200		
12-0047	0 Central Pike	\$1,611,500		
12-0062	Ponagansett Rd	\$110,000		
12-0066	Central Pike	\$4,820,000		
12-0068	Hemlock Rd N/A TAX EXEMPT	\$386,800		
15/0052	Rams Tail Rd	\$396,500		
15-0049	Rams Tail Rd	\$58,000		
15-0050	Rams Tail Rd	\$1,200,000		
18-0031	Hartford Pike	\$787,100		
21-0011	Old Danielson Pike	\$238,500		
21-0031	Danielson Pike	\$215,000		
		\$22,217,900		