

RESOLUTION OF THE CITY COUNCIL

No. 498

Approved October 25, 2018

RESOLVED, That His Honor the Mayor is authorized to execute an Agreement between the Town of Glocester and the Providence Water Supply Board (PWSB), an enterprise fund of the City of Providence, relating to the taxation of property owned by the PWSB in the Town, and establish a tax treaty between the parties.

IN CITY COUNCIL

OCT 18 2018

READ AND PASSED

PRES.

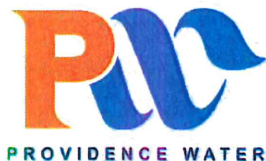
CLERK

I HEREBY APPROVE.

Mayor

Date:

10/25/18



August 23, 2018

The Hon. **Jorge O. Elorza**
Mayor
Ricky Caruolo
General Manager

Council President David Salvatore
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Re: Gloucester Tax Agreement

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125 Dupont Drive
Providence, RI 02907

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Dear President Salvatore:

Providence Water's current ten year with the Town of Gloucester is set to expire on December 31, 2018. Negotiations with the Town have resulted in a proposed tax agreement with the following favorable terms:

- Ten year prospective tax treaty set to expire on December 31, 2028.
- In the past ten years, Providence Water has acquired an additional 92.82 acres of land in Gloucester. The Town is taxing this additional property at a valuation which is substantially less than what Providence Water paid,
- Providence Water agreed that the taxes would increase each year, but only to the extent that the Town raises its tax levy which is capped by law at 4% per year. The new schedule we set forth in the agreement assumes a 4% annual increase, but has a provision that limits any tax increase to actual increases in the tax levy.

At the meeting of the Providence Water Supply Board held on August 15, 2018, all Board members present approved the Gloucester Tax Agreement. We are requesting that this matter be placed on the September 6, 2018 City Council meeting docket for approval. A copy of the agreement is attached. In order for the agreement to be finalized, it will also need to be approved by the Gloucester Town Council which has indicated that they are in support of the agreement.

Thank you for your consideration of this request. Please contact me at 521-6300 ext. 7188 if you have any questions.

Respectfully,
PROVIDENCE WATER SUPPLY BOARD


Ricky Caruolo, General Manager

AGREEMENT

AGREEMENT made this _____ day of _____, 2018, by and among the TOWN OF GLOCESTER ("Glocester"), and the PROVIDENCE WATER SUPPLY BOARD, an enterprise fund of the City of Providence ("PWSB" or "Water Supply Board").

WHEREAS, PWSB owns certain real property located in Glocester; and

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

WHEREAS, this Agreement is authorized by R.I.G.L. § 45-2-2.1.

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 taxes assessed as of December 31, 2018 (tax year 2019) and continuing on and through taxes to be assessed as of December 31, 2027 (tax year 2028), Glocester shall charge the Water Supply Board and the Water Supply Board shall pay taxes as follows:

2019	\$ 76,242
2020	\$ 79,292
2021	\$ 82,464
2022	\$ 85,763
2023	\$ 89,194
2024	\$ 92,762
2025	\$ 96,472
2026	\$100,331
2027	\$104,344
2028	\$108,518
TOTAL	\$915,382

The above payment schedule is based on the assumption that Gloucester will raise taxes annually by the 4% maximum property tax levy allowed by law. The foregoing payments schedule will not change for the duration of this Agreement, except that in the event that Gloucester does not raise taxes by the maximum property tax levy allowed by law in any given year, Gloucester agrees to reduce the Water Supply Board's scheduled payments by the percentage by which taxes were not raised to the maximum allowed by law in those years when the maximum increase is not implemented. For example, if the maximum allowable increase in the levy is 4% and Gloucester 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.

Although Gloucester may be putting values on the Providence Water properties in their computer system in order to generate the necessary tax bills, both parties agree that these values are artificial, are for calculation purposes only, and are not binding on either party in terms of actual fair market value of the properties.

2. Termination.

This Agreement shall terminate on December 31, 2028. Notwithstanding the foregoing, Gloucester shall have the option to terminate this Agreement after receipt of actual notice that the Water Supply Board has 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 Gloucester'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 Gloucester gives the written notice.

3. Revised tax payment schedule in the event of disposition or acquisition of property.

a. Disposition

In the event a portion of Providence Water's property is sold, leased, or otherwise alienated to a non-public entity, then Providence Water's tax payment schedule as set forth above in ¶2 shall be reduced by the percentage of total acreage so sold, leased, or otherwise alienated as compared to the acreage owned by Providence Water on December 31, 2018. For example, if 25% of the acreage is sold, leased, or otherwise alienated, then Providence Water's tax payment schedule shall be reduced by 25% for all remaining years.

b. Acquisition

In the event Providence Water acquires additional property after December 31, 2018, then Providence Water's tax payment schedule as set forth above in ¶1 shall be increased by the percentage of total acreage so acquired as compared to the acreage owned by Providence Water on December 31, 2018. For example, if 25% more acreage is acquired, then Providence Water's tax payment schedule shall be increased by 25% for all remaining years.

4. 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) Chief Engineer and General Manager, Providence Water Supply Board, 125 Dupont Drive, Providence, RI 02907, (2) Finance Director, Providence Water Supply Board, 125 Dupont Drive, Providence, RI 02907, and (3) Michael R. McElroy, Esq., Schacht & McElroy, 21 Dryden Lane, P.O. Box 6721, Providence, RI 02940-6721.

For Glocester: (1) President, Glocester Town Council, 1145 Putnam Pike, P.O. Box B, Chepachet, RI 02814-0702, and (2) Town Clerk and Tax Assessor, Town of Glocester, 1145 Putnam Pike, P.O. Box B, Chepachet, RI 02814-0702.

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 and 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 the Town 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 the Town.

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 but one and the same instrument.

IN WITNESS WHEREOF, the parties have hereunto cause these presents to be executed on this _____ day of _____, 2018, by their duly authorized representatives.

Executed in presence of:

PROVIDENCE WATER SUPPLY BOARD OF THE CITY OF PROVIDENCE

Carissa Richard

By: Xaykham Khamsyvoravong
Xaykham Khamsyvoravong, Chairman

THE CITY OF PROVIDENCE

By: _____
Jorge Elorza, Mayor

By: _____
David A. Salvatore
City Council President

TOWN OF GLOCESTER

By: _____
George O. Steere, Jr.
Town Council President