

RESOLUTION OF THE CITY COUNCIL

No. 525

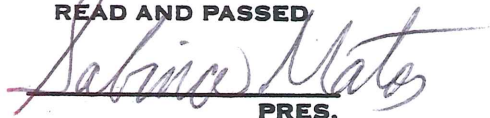
Approved December 13, 2019

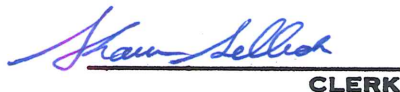
RESOLVED, That the agreement reached in the tax settlement with the Town of Scituate, which covers all land owned by the City of Providence within the town, including 900 acres currently held by the Providence Public Buildings Authority, is hereby approved, as attached.

IN CITY COUNCIL

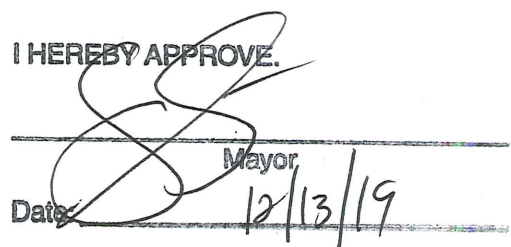
DEC 05 2019

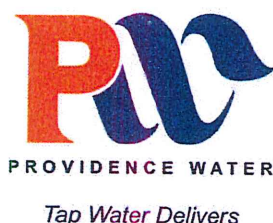
READ AND PASSED


PRES.


CLERK

I HEREBY APPROVE.


Mayor
Date: 12/13/19



October 30, 2019

Council President Sabina Matos
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Re: Scituate Tax Agreement

Dear President Matos:

The Hon. Jorge O. Elorza
Mayor

Ricky Caruolo
General Manager

BOARD OF DIRECTORS

Xaykham Khamsyvoravong
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Councilperson

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MEMBER

Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.
Water Research Foundation

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(401) 521-6300

125 Dupont Drive
Providence, RI 02907

www.provwater.com

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The current ten year tax agreement between the Providence Water Supply Board (PWSB) and the Town of Scituate is set to expire on December 31, 2019. The PWSB owns approximately 15,000 acres of land in Scituate, along with our Treatment Plant, pipeline, pump stations and other infrastructure. PWSB had appealed the Scituate assessed value and taxes of PWSB property for the years 2001-2007. After a lengthy legal battle, PWSB and Scituate signed a tax agreement in 2009 which covered 17 tax years (2001-2007 retroactively and 2008-2017 prospectively). In 2017, a two-year interim tax agreement (2018-2019) was signed by PWSB and Scituate. Recent negotiations with Scituate have resulted in a proposed tax agreement with favorable terms:

- This is a ten year prospective tax treaty that begins with taxes assessed as of December 31, 2019 (calendar year 2020) and continues through taxes to be assessed as of December 31, 2028 (calendar year 2029).
- The payment schedule proposed in the new tax agreement builds upon the schedules negotiated in the 2009 and 2017 tax agreements.
- PWSB would pay a fixed rate (\$7 million - \$10 million) 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 or any property acquired during previous tax agreements with Scituate.
- The proposed payment schedule has been established based on the assumption that Scituate 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.
- Scituate agrees to continue to classify all of PWSB's certified forest land as such during the term of the agreement.
- The funds needed to pay taxes to Scituate are included in our rates per the RI Public Utilities Commission.

At the meeting of the Providence Water Supply Board held on October 21, 2019, all Board members present approved the agreement. We are requesting that this matter be placed on the November 7, 2019 City Council meeting docket for approval. This agreement has already been approved by the Scituate Town Council on September 12, 2019.

Respectfully,
PROVIDENCE WATER SUPPLY BOARD


Ricky Caruolo
General Manager

IN CITY COUNCIL

NOV 07 2019

READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.

 CLERK

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 of December 31, 2019 (calendar year 2020) and continuing on and through the real estate and personal property taxes to be assessed as of December 31, 2028 (calendar year 2029), Scituate 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:

2020	\$7,067,179.62
2021	\$7,349,866.81
2022	\$7,643,861.48
2023	\$7,949,615.94
2024	\$8,267,600.57
2025	\$8,598,304.60
2026	\$8,942,236.78
2027	\$9,299,926.25
2028	\$9,671,923.30
2029	\$10,058,800.23

The above payment schedule is based on the assumption that Scituate 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 Scituate 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 Scituate 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

never occurred including, but not limited to, removing all of the Water Supply Board's land from the Scituate list of classified forest land, denying any application by the Water Supply Board to the Scituate Tax Assessor for classification of land as forest land and issuing a use valuation assessment for the Water Supply Board's land by the Scituate 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 Scituate 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 Scituate. The parties further agree that they will not raise as an issue that anything which transpired in the aforementioned litigation or any administrative appeals which were filed by the Water Supply Board prior to the date of this Agreement establishes, under the doctrines of res judicata, collateral estoppel, administrative finality, or any other theory or ground, that the land owned by the Water Supply Board is or is not entitled to be classified and/or valued as forest land. 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 the aforementioned litigation and any administrative appeals and this Agreement never occurred.

notice that the Water Supply Board has, on December 31, 2019 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 Scituate'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 Scituate gives the 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:

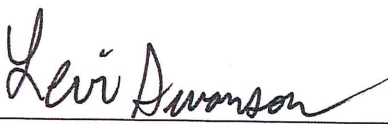
For PWSB: (1) General Manager, Providence Water Supply Board, 125 Dupont Drive, Providence, RI 02907, (2) Senior Manager of Finance, Providence

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 26 day of October 2019, by their duly authorized representatives.

Executed in presence of:



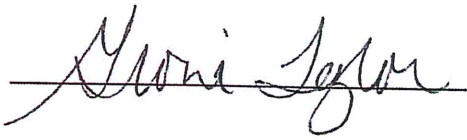
PROVIDENCE WATER SUPPLY
BOARD OF THE
CITY OF PROVIDENCE

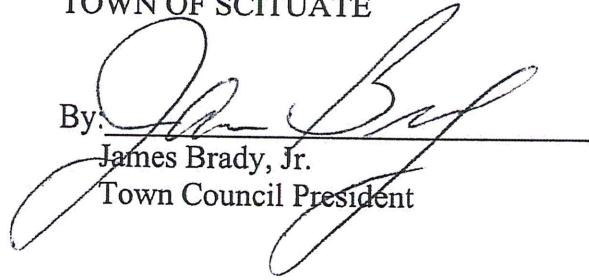
By: 
Xaykham Khamsyvoravong, Chairman

THE CITY OF PROVIDENCE

By: _____
Jorge Elorza, Mayor

TOWN OF SCITUATE



By: 

James Brady, Jr.
Town Council President

Providence Water
Property Taxes FY 2019 - FY 2023

Operations 601	Town/City	% Change over Prior FY		FYE 6/30/2019	% Change over Prior FY		Pro-Forma 7/1/2020-6/30/2021	% Change over Prior FY		Pro-Forma 2 7/1/2021-6/30/2022	% Change over Prior FY		Pro-Forma 3 7/1/2022-6/30/2023	% Change over Prior FY			
52245-0001	North Providence			285,488	0%		291,893	2%		303,569	4%		315,712	4%		328,340	4%
52245-0002	Glocester			67,742	4%		76,242	13%		79,292	4%		82,463	4%		85,762	4%
52245-0003	West Gloucester Fire			3,708	0%		4,409	0%		4,585	4%		4,769	4%		4,959	4%
52245-0004	Harmony Fire Dist.			200	0%		200	0%		208	4%		217	4%		225	4%
52245-0005	Chepachet Fire Dist.			129	11%		129	11%		134	4%		139	4%		145	4%
52245-0006	Scituate			6,252,460	3%		6,500,683	4%		6,760,676	4%		7,031,103	4%		7,312,347	4%
52245-0007	Johnston			89,354	0%		96,402	8%		100,258	4%		104,269	4%		108,439	4%
52245-0009	Foster			289,570	-2%		300,347	4%		312,360	4%		324,855	4%		337,849	4%
52245-0010	Cranston			101,868	-13%		104,262	2%		61,065	-41%		63,507	4%		66,047	4%
52245-0011	West Warwick			3,500	3%		6,729	92%		6,998	4%		7,278	4%		7,569	4%

Restricted 843 Wtr. Quality	Town/City	Increase over Prior FY				Increase over Prior FY				Increase over Prior FY	
		FYE 6/30/2019	FYE 6/30/2020	Pro-Forma 7/1/2020-6/30/2021	Pro-Forma 2 7/1/2021-6/30/2022	Pro-Forma 3 7/1/2022-6/30/2023	Pro-Forma 2 7/1/2021-6/30/2022	Pro-Forma 3 7/1/2022-6/30/2023	Pro-Forma 2 7/1/2021-6/30/2022	Pro-Forma 3 7/1/2022-6/30/2023	Pro-Forma 2 7/1/2021-6/30/2022
52245-0006	Scituate	283,430	3%	294,682	4%	306,504	4.0%	318,764	4%	331,514	4%
52245-0007	Johnston	75,452	0%	83,750	11%	87,100	4%	90,584	4%	94,207	4%
52245-0009	Foster	153,894	17%	134,100	-2%	139,464	4%	145,042	4%	150,844	4%
Total Property Taxes WQPF		\$ 512,775	6%	\$ 512,532	0.0%	\$ 533,067	4.0%	\$ 554,390	4.0%	\$ 576,565	4.0%
Total Property Taxes all Funds		\$ 7,606,793		\$ 7,893,828		\$ 8,162,213		\$ 8,488,701		\$ 8,828,249	
		6,535,890		6,795,365		7,067,180		7,349,867		7,643,861	
				95.7%							
				4.3%							