

## **Meeting Coventry Fire, Anthony District**

**Wednesday September 10, 2014**

.

**Board members in attendance Jim Beckman-Chair, Louis Cote-Co-Chair, John D'Onofrio and John Botello. Also in attendance Chief Labbadia, Deputy Chief Robert Warren and Arthur Capaldi-legal counsel. Absent-Peter Pankowicz.**

**Meeting called to order at 7:10 P.M.**

### **AGENDA:**

**1) Emergency evacuation procedures.**

**2) Roll call**

**3) Approval of the minutes from the meeting held on August 13, 2014. John D'Onofrio made a motion to accept the minutes and seconded by John Botello. All in favor, motion carries.**

**4) Chair report: Jim Beckman told the Board that he received a letter from a taxpayer who was requesting a payment plan for the repayment of her taxes and the issue has already been resolved due to the fact her taxes have since been paid in full.**

**5) Chief report: Chief Labbadia said that rescue 1 will be going out of service for scheduled warranty work. He also stated that engine 1 will be going out of service for an ongoing oil leak that continues to get worse and the repairs could be pretty expensive and he is waiting for the part to be in so he will be able to figure out the cost. The Chief said that he and Division Chief Andrew Perra were involved in an**

automobile accident in the Chief's vehicle when another gentleman crossed the double yellow line and struck them. Andrew Perra was taken by ambulance to the hospital with minor injuries and is fine. A passenger in the other vehicle was also transported to the hospital and they are also doing fine. The Chief said his vehicle is at Twin City Auto being repaired through the other drivers insurance.

6) Tax office report: The tax office report prepared and read by Jeanne Lukowicz. Taxes collected to date \$1,810,669.49. Interest collected to date \$65,175.03. Total tax and interest \$1,875,844.52. Total legal costs collected \$61,681.06. Total monies collected \$1,937,525.58. The tax sale was held on September 4, 2014 and we took in \$19,906.45, \$11,371.00 was interest and tax and \$8,545.35 was legal costs. The balance of back taxes owed from 2010 and prior is \$3,853.25 we have collected \$621.60 leaving a balance of \$3,231.65. Back taxes owed from 2011 was \$5,066.98 we have collected \$3,592.32 with a balance of \$1,474.66. The balance of back taxes owed from 2012 was \$51,828.68 we have collected \$46,104.65 leaving a balance of \$5,723.73. The balance of back taxes owed from 2013 was \$377,483.61 we have collected \$274,621.74 with a balance of \$103,062.17. The balance of taxes owed for 2014 is \$2,173,665.88 we have collected \$1,485,729.18 with a balance of \$687,936.70. We have collected 69% of 2014 taxes and we have collected 82% of back taxes.

Jim Beckman asked why we have balance of back taxes if we have tax sales. Arthur Capaldi stated that after three years we cannot collect the back taxes. Jean Lukowicz stated that not all properties actually sell at the tax sale because we have landlocked lots that

people don't want to buy but they can't be removed from the books. Jean also stated that the triangle of land at the intersection of Gervais St. and Blackrock Rd. is not owned by anyone at this time. Louis Cote mentioned that he thought that portion of land belongs to Hattoy's nursery. John D'Onofrio asked why they are not paying the taxes on that land if they actually do own it. Jean Lukowicz said she would look into it on Friday. The Chief also mentioned that you have to be at least a full year behind before you are eligible for tax sale and some people pay just enough to keep themselves off the tax sale but still owe money in back taxes. Arthur Capaldi said that we started with 70 properties on the tax sale list and only had 13 left when the sale actually took place. Jean Lukowicz also mentioned that bankruptcies happen and we cannot collect on those properties. John D'Onofrio made a motion to accept the tax office report as read, seconded by John Botello. All in favor, motion carries.

7) Treasures report: Prepared and read by Judith Hetherman. As of August 31st the total money in all the accounts was \$71,429.95. We have the CD in reserve in the amount of \$59,520.73. Accounts payable \$54,784.40, we have paid all the smaller bills and the pension and the ESRI and the outstanding National Grid bill for \$27,693.27 will be paid on Monday. The LOC (line of credit) balance is \$394,896.44 and there was an additional \$35,000.00 drawn off of that LOC last week for payroll and other expenses. The total income from taxes and rescue recovery is \$2,087,540.58 and total expenses were \$2,084,651.75 leaving a net income of \$2,888.83. John D'Onofrio asked why the section on Judith's budget about receipts does not match the amount

on the tax office report. Judith Hetherman said that her report is accurate as of August 31, 2014 and Jean's tax office report is accurate as of today's date. John D'Onofrio mentioned that on the tax office report it states that 2014 taxes collected was \$1,485,729.18 with a balance of \$687,936.70 and Judith Hetherman's worksheet says the balance is \$294,197.00. The Chief said that line for 2014 on the tax office report includes money that was collected from back taxes from previous years that add to the total that we take in. John D'Onofrio then asked why that number is not reflected in the budget number. John D'Onofrio mentioned that the difference on the budget of \$2,163,183.00 and the tax office report of \$2,173,665.88 is \$10,000.00. John D'Onofrio asked what exactly is the difference between \$2,173,665.88 and the \$2,163.183.00. Jean Lukowicz said the \$2,173,665.88 represents the tax levy and the \$2,163,183 represents the budget. The Chief stated that the \$2,163,183.00 represents the actual taxes and the overall number includes interest and rescue recovery. John D'Onofrio said that we assessed \$10,000.00 more than anticipated and Judith Hetherman said yes. John D'Onofrio asked about the year to date figure of \$1,868,986.00 on Judith's worksheet and if that number included all prior years including 2014 and Judith said yes. Judith Hetherman said that on the tax office report the interest is listed separately and it is not on her worksheet but would be listed separately going forward. The Chief said that the legal cost also needs to be deducted from the total amount. Jean Lukowicz said she keeps her legal costs separate on her tax office report. John D'Onofrio said that when we do the budget and try to

forecast the tax receipts we know that it is going to be lower because not all of the levy will be collected and that is part of the reason why there is a \$10,000.00 difference. John D'Onofrio asked if when they did the budget last year the \$2,163,183.00 was under the assumption of what we were going to assess for 2014 and collect from previous years. Judith Hetherman said no it was only for the 2014 levy. John D'Onofrio said that we are comparing two totally different sets of numbers if one number is just 2014 and the other number is everything combined, and it is confusing. Judith Hetherman said it is because you will not be able to collect all of the 2014 taxes in 2014 and they will be collected next year or the year after. The Chief said you always start with your levy and work from there and you increase that amount if you collect back taxes. John D'Onofrio said he totally agrees with that point. John D'Onofrio said that if we want to see how we are doing with tax collection it would be helpful when we do the budget next year we compare last year's numbers with this year's numbers and set the line and go from there. John Botello agrees that it would be helpful if we could see how much of the \$2,163,183.00 was collected for that tax levy year. The Chief said the amount of taxes collected for 2014 is listed on the bottom of the tax office report. John D'Onofrio said all the information is on the sheets but would like to see it listed differently so we know exactly where we stand at any given time and would be able to make better financial decisions. Judith Hetherman said that she only sees what is posted in the bank but can't tell if that money was taken in for 2014 or 2013 or other previous years it just shows total collections. John D'Onofrio

said that Jeanne knows because it is broken down on her tax office report. Jeanne said she only knows at the end of the month when she breaks it down for the tax office report for the meeting. John D'Onofrio asked the Chief that when he did the budget of \$2,163,183.00 for 2014 did he include a forecast of what will be collected from prior years and if he looks at how much we have taken in in previous years. The Chief said no because you can't figure out what you will take in because it is different every year, and also that money is already accounted for in the prior years budget and can't be used for this years budget. Arthur Capald asked Judith Hetherman if money comes in from back taxes if that money is already accounted for in the previous years budget and she said yes. The Chief said you can't put a constant number on how much back taxes you will collect because it differs year to year. John D'Onofrio said we should a least try to get a figure and include it for next years budget. The Chief said we know how much is still owed form the prior years but can't tell how much of that we are going to collect. David Gorman said that his department looks at prior trends and if they have an average of 12% uncollected taxes they include 98% of that 12% into their budget. John D'Onofrio said at least it is included. John D'Onofrio said that once the year is over your budget is no good anymore. The Chief said that is not true and the budget is still good because that money was accounted for in the budget for the prior year and can't be used towards this years budget. Judith said that if there is still some revenue that is uncollected and it is still being collected you can't move a portion of the uncollected to another year.

John Botello said he knows what David Gorman is saying that if we collect 80% of the levy for 2014 we should anticipate that we will collect 75% of the 20% uncollected for that year. Robert Warren said that the tax rate is set by the levy to make the budget. The Chief said that we only usually collect 86% of the levy. Arthur Capaldi said we will eventually get that money but it is already accounted for in the prior years budget. John D'Onofrio said that when we do the budget we should do a revenue forecast for 2015 and add some of the uncollectables. The Chief said we can't do that because that money is already accounted for in the budget for 2014 and even if you do collect a portion of the uncollectables it is already accounted for in previous years budget so it will not help. Jim Beckman said that is what the LOC is used for and when the back taxes comes in it is used to pay back the LOC. John D'Onofrio said we need to look into ways to fix the budget so that we are not always using the LOC. Judith Hetherman said she would be able to look at the final numbers at the end of year and we should be close. Judith Hetherman said that we use the line of credit more at certain times of the year then we repay back a portion at other times depending on collections. John D'Onofrio said he knows that the budget is money in and money out but wants everything included and separated more clearly. Robert Warren said that when we get to the budget work sessions we will be able to go over everything then and come up with a plan. John D'Onofrio recommended that we look over the numbers for the past ten year period and look at the historical performance. John D'Onofrio wants to know if having \$294,000.00 in uncollected taxes is

good or bad because he has nothing to compare it to. The Chief said we average around \$300,000.00 in uncollectables every year. John D'Onofrio asked how do we know if we have nothing to compare. David Gorman agrees that collecting information on past years is a good idea. The Chief said that after 3 years we cannot collect on the debt. John Botello asked if we know where the money borrowed from the LOC is being used towards. Robert Warren said it is going towards the budget. Judith Hetherman said it is being used for bills, payroll and the pension. John Botello wanted to make sure it was not being used frivolously. John D'Onofrio wants to know why we are using the LOC and has checked with other fire departments and they do not use a LOC and wants to see the numbers. John D'Onofrio said that if he is going to make decisions he wants all the information to make the right decision before he puts his name on anything. The Chief said his name also goes on all the decision being made and that is why things are done properly and with total transparency. John D'Onofrio said that at budget time he would like some things to change and not done the same way just because that is the way it was done in the past. John D'Onofrio said that times are tough and we need to watch how we spend our money. The Chief said that they had tried to raise taxes in the past and that just led to more in uncollectable taxes. John Botello said some fire departments around the state have never used a LOC and they used a tax anticipation note. Robert Warren said it is the same thing. Judith Hetherman said it is a tax anticipation note but they call it a LOC because it is revolving. John Botello said that it should be at a zero balance at the

end of the year. The Chief said it can't be a zero balance because we have a lot of uncollectables, and if anyone has a solution to that problem he would like to hear it. The Chief stated the numbers are the numbers. John D'Onofrio said he is not accusing anybody of anything and he knows the numbers are the numbers and it is nothing personal. John D'Onofrio made a motion to accept the treasures report as read, seconded by John Botello. All in favor, motion carries.

8) Old Business: None.

9) New Business: Jim Beckman stated that the line of credit(LOC) needs to be renewed and a vote needs to be taken as to whether or not we think we should continue using the LOC as needed. John D'Onofrio asked if we were trying to increase the amount of the LOC or just to continue using it at the same credit limit. Chief Labbadia said that we are not increasing the amount and it would remain at \$500,000.00. Louis Cote made a motion to continue using the LOC, John Botello said he would like to accept the motion but wants to modify it to include the stipulation that the Board would be informed of where the money is being spent. John D'Onofrio said he would vote to continue using the LOC if we tried not having to use it. John D'Onofrio told the Chief that he feels we should be applying for more grants and might be worthwhile to hire a grant writer. The Chief said there are not that many grants available at this time and most require some form of repayment. John Botello said that his department has applied for grants for radios and other equipment. The Chief said that our department is different and we have a harder time getting grants.

John D'Onofrio asked about getting a safer grant and Jim Beckman said that safer grants are used for manpower and have many stipulations. Jim Beckman said that grants are only helpful to the budget if the grant you are applying for is something you are budgeting for in the first place. Then if you don't get the grant you will still have the money to get the things you need, and if you do get the grant you can apply the money budgeted for that item to the LOC or other items in the budget that may be short. John D'Onofrio asked if we purchased any new radios this year and the Chief said we purchased a few at a cost of \$4,000.00. John Botello said his department received \$5,000.00 in grant money for radios. The Chief said he applied for the same grant and was rejected. John Botello said that he understands that the money has to be included in the budget just in case the grant is rejected. The Chief said they need a pumper at a cost of \$50,000.00 he would look for a grant that has a small matching fund and if the grant was to be approved he could repay the matching fund out of the money that was already budgeted for the pumper and use the balance for that line item towards something else, but it still needs to be budgeted in case we don't receive the grant. John D'Onofrio asked if we would then have to draw from the LOC. The Chief said yes but only if it is not budgeted and if it is a necessary expense. John Botello asked if we could sell the old pumper and use the money towards a new one and the Chief said we could but he could only get between \$5,000.00 and \$10,000.00. Judith Hetherman said she would be able to tell the Board what the money is going towards such as bills, payroll or

pensions. Judith said she knows what is owed and how much we are short and how much need to use of the LOC but can't specify which bills were being paid with money from collections or the LOC because it all gets deposited into the checking account and then the bills get paid. John Botello said he would like to remove the stipulation on the motion and vote on the original motion. The original motion was made by Louis Cote to renew and continue to use the LOC, seconded by Jim Beckman. All in favor, motion carries.

10) Louis Cote made a motion to enter into executive session pursuant to RI General Laws 42-46-4 for the purpose of Personnel and Grievance discussions, seconded by John Botello, roll call vote taken Louis Cote-yes, Jim Beckman-yes, John D'Onofrio-yes, John Botello-yes. All in favor, motion carries.

11) John Botello made a motion to adjourn from executive session, seconded by John D'Onofrio. Roll call vote taken. Jim Beckman-yes, Louis Cote-yes, John D'Onofrio-yes, John Botello-yes. All in favor, motion carries.

12) Reconvene to public meeting. Jim Beckman stated that there were no votes take in the Executive session. John Botello made a motion to seal the minutes of the executive session, seconded by John D'Onofrio. All in favor, motion carries.

13) Public Comment: None

14) John Botello made a motion to adjourn the meeting, seconded by John D'Onofrio. All in favor, motion carries. Meeting adjourned at 9:15 P.M.

**Respectfully Submitted,**

**Mary Perry**