

*(The following is not a verbatim transcript of comments or discussion that occurred during the meeting, but rather a summarization intended for general informational purposes. All motions and votes are the official records).*

## **FINANCE COMMITTEE**

Regular meeting of the Finance Committee was held on Monday, January 8, 2024 in the Council Chambers, City Hall, Cranston, Rhode Island.

### **I. CALL MEETING TO ORDER:**

The meeting was called to order at 7:05 P.M. by the Chair.

### **II. ROLL CALL:**

Present                      Councilman Robert J. Ferri  
                                    Councilman Daniel Wall  
                                    Councilwoman Aniece Germain (appeared at 7:05 p.m.)  
                                    Councilman Richard D. Campopiano  
                                    Councilman Christopher G. Paplauskas  
                                    Council Vice-President Lammis J. Vargas, Vice-Chair  
                                    Councilman John P. Donegan, Chair  
                                    Council President Jessica M. Marino

Also Present:                Councilwoman Nicole Renzulli  
                                    Anthony Moretti, Chief of Staff  
                                    John Verdecchia, Assistant City Solicitor  
                                    Stephen Angell, City Council Legal Counsel (appeared via zoom)  
                                    Thomas Zidelis, Director of Finance  
                                    David DiMaio, City Council Budget Analyst  
                                    Rosalba Zanni, Assistant City Clerk/Clerk of Committees  
                                    Heather Finger, Stenographer

### **III. APPROVAL OF MINUTES**

#### ***A. Minutes of the December 4, 2023 regular meeting***

On motion by Councilman Paplauskas, seconded by Councilman Ferri, it was voted to approve the minutes of the December 4, 2023 regular meeting. Motion passed unanimously.

#### **IV. COMMITTEE BUSINESS MATTERS CARRIED OVER**

**Councilman Donegan:**

- *Exploration of Liability Policy for the City (Cont. from 8/7/2023, 10/2/2023, 11/6/2023 & 12/6/2023)*

**Director Zidelis** stated he confirmed today that we solicited two quotes. He also confirmed today that one of them definitely will be in by next Friday. The second quote may take a little longer, but he can assure that we will have one of the two quotes next week.

**Chair** asked that this item be continued to next month to review those quotes.

#### **V. CORRESPONDENCE/COMMUNICATIONS**

None.

#### **VI. PUBLIC COMMENT**

**Susan Blake**, 173 Grand Ave., appeared to speak and stated that residents are asking why a bid has not been done for the Budlong Pool yet and what is the delay when Director Moretti stated that they were about ready to go out to bid late November, early December. Her concern is the Summer of 2024 will be the fifth Summer without a pool.

#### **VII. NEW MATTERS BEFORE THE COMMITTEE**

A. Ordinances

**12-23-01**      *ORDINANCE In Amendment of Title 3 of the Code of the City of Cranston, 2005, entitled "Revenue and Finance", Chapter 3.110 – Ten (10) Year Tax Stabilization for Property Located at Oaklawn Avenue (Plat 17-3, Lot 670) (Oaklawn Avenue Tax Stabilization); Sponsored by Council President Marino.*

**Tanessa Azar, Esq.**, of Moses and Ryan, appeared to represent the petitioner. She stated that before the Committee is a tax stabilization agreement for ten years for this project. This project is a residential development. The proposal is for 12 units, of which two will be affordable for thirty years. Currently, the property is a vacant lot generating very little tax revenue and assessed value. Cranston has some existing tax stabilization agreements in its Ordinance, but none addresses residential properties. This is what is in the existing Ordinance. For the first year when the project is being constructed, it would be the current value of the property and then a base assessment would be set which would be the value of the property when it is fully developed and then throughout the ten years that value would phase-in 10% per year. It would still be taxed at the tax rate of that current year. There are three main reasons why this is before the Committee. One reason is the City's existing TSA structure does not address this project, but they think it is a project that really needs a TSA to get off the ground because of the affordable housing element.

**Kelly Coates**, President and CEO of Carpionato Group, appeared to speak and stated that they are anxious to invest in this City where they are based. Most of their developments, they do without tax treaties, but the residential does not work. It does not pin financially and they hope to do a major investment in Cranston in residential beginning this year. They are not asking to take anything off the tax roll. In his thirty five years of coming before the City Council in Cranston, they have not proposed that. They propose it now because this is a unique project and a unique time.

**Chair** asked what the current Fiscal Year tax assessment is. Attorney Azar stated that for the Oaklawn Ave. property, current 2023 assessment is \$112,700, which relates in tax of \$1,468.53.

On motion by Councilman Ferri, seconded by Councilwoman Germain, it was voted to recommend approval of the above Ordinance.

Under Discussion:

**Council President Marino** stated that she would like to hear from the Administration with respect to the fiscal impact relative to this Ordinance and the next Ordinance. In terms of sponsoring this Ordinance, similarly in the past, when we have property owners that have a particular Ordinance relative to their properties, they need Council or Mayoral sponsorship of those Ordinances. This one in particular, she was glad and happy to sponsor because Carpionato Properties has been a very good partner throughout the State relative to their properties and particularly here in Cranston in terms of bringing attributes to the communities enhancing property values and these two particular properties. They both have affordable housing components. We talk a lot about the need for housing and about the need for affordability and here we have both of those and she thinks it is imperative that instead of talking about it, we do things in partnership with development to encourage these properties in our City to provide those opportunities. These two Ordinances in their form are subject to further discussion. We need to have discussion as to the fiscal impact, perhaps the timeline. She does not disagree with the ten year timeframe. She would like to see some change in maybe the percentages. Currently, both these properties are vacant land and the City is seeing minimal tax revenue of these properties as vacant land. The development of these properties and anything that we can do to facilitate that would be a positive net gain for the City for years to come.

**Director Moretti** stated that as to the financial impact, he would have to defer to Director Zidelis. He indicated that the developer has not consulted or proposed anything to the Mayor.

**Director Zidelis** stated that the full fiscal note has not been performed. The agreed upon base value has not even been contemplated between the City and the developer. As to Council President Marino's statement regarding percentages over a ten-year period, the current tax stabilization has a provision there, it is commercial 10 years and it is not standard 10%, 20%, 30%. It is going to be predicated on the actual proposal and the developer's financials including their rate structure and the rate for the affordable has to be reviewed before any fiscal note can be inducted. In his experience, housing projects generally are not getting tax stabilization. The one exception is those in a special district area. There is a lot of legwork that the City, the developer, the developer's lawyers need to do just on the agreement, so there is no fiscal note that has been performed now because we do not even have the base value. Chair asked how long, realistically, it would take for that to be completed. Director Zidelis stated that step one would be to schedule a meeting with petitioner as soon as possible.

**Chair** asked Attorney Angell if the deliberation of what Director Zidelis articulated is a function of the Executive or is that also here in the Legislature? Attorney Angell stated that the Administration can certainly work with the developer to develop a tax stabilization structure, but it is also within the right of the petitioner to propose such a structure. Federal Law provides for governmental subdivisions, State and Local, to provide subsidy to low to moderate income and affordable housing. Those subsidies typically are done in the context of a tax abatement rather than have a property owner pay money and have a refund or to be some other abatement structure that subsidies typically done in the form of a tax stabilization agreement. Often times in the affordable housing world, the stabilization agreement run concurrently with the term of years that the units would be designated as such unless it is entirely affordable and in which case you can have 99 years such designation. That is not the case here. It is a ten year agreement and he thinks it would be something that is permitted with respect to affordable housing units.

**Councilman Paplauskas** stated that he appreciates everything Carpionato has done for the City of Cranston, but he has issues with this legislation because it is setting a precedent and opens the door for other developers and also ask for tax breaks for housing. Another issue he has is this wasn't proposed when the Council voted on these properties and both of these properties are in his Ward. January of 2023, there is a fiscal impact study that was proposed by JDL Enterprises when we looked at those and it said that the taxes that would be granted will outweigh the services provided by the City. He does not think the City can afford it. He does not think there is affordable enough component in either of these properties to justify giving this incentive.

**Councilwoman Renzulli** stated that she is not a member of this Committee, but she would like to express her displeasure with this proposal. While she greatly respects the Carpionato Group and Mr. Coates. She has a problem with spot tax breaks. Just like spot zoning, we are giving tax breaks to developers and we do not have that and does not stop other developers from coming through asking for their own individual tax breaks. If we wanted to have an Ordinance similar to what we have for Industrial and Commercial where there is an application process and you qualify in certain areas as you have financial need. She does not know the finances of the Carpionato Group, but they seem to be doing pretty well, so she would have to see that they have financial need to do this unless we are going to have 50% affordable housing. Giving two affordable apartment units does not seem necessary to cut taxes because we are not cutting taxes for our residents. Those have to go up for the next few years more than likely because of services and budgets and different expenses that the City has so she really does not think that we should be giving tax breaks to developers. This is what corporate welfare is. This is the problem they are having in Providence. This is what people like Representative Ricky Sanchez talks about all the time about how we are giving money to developers, we are saving them money, but that money is not being passed down, as far as she understands, to people who are renting the units. She would like to know what the market rate is for these units compared to what the affordable housing rate is per month. Attorney Azar stated that she does not believe they have the final numbers for that. It would just be the market rates. Councilwoman Renzulli stated that it is just hard for her to say to her constituents, yes, your taxes are going to go up on your house, but we are going to allow a developer, who has many developments throughout the City of Cranston and Rhode Island and appears to be very successful, and give them a tax break to put apartments where they will be taking from Police and Fire and they will be putting more kids in our Schools that we already have at capacity or over capacity and we are already going to bond to fix schools and now we are saying lets collect less

money and bring in more people. That does not make sense to her. We need to know exactly what the fiscal impact is before we even consider this. We can't really have proper discussion on this without that information. If we wanted to design something where you gave tax breaks based on the units of affordable housing, then maybe we can talk and that seems like it would be more fair. This does not seem right and hopes everyone will consider that. We are asking to bankrupt the City.

**Council Vice-President Vargas** asked if this was to move forward and pass whether it is this evening or later down the line, where developer is able to sell the property to someone else will that person still gain that tax stabilization of ten years or however many years are left at that time of the property that is being sold. Attorney Azar stated that as drafted, yes, it would run with the land, but the same thing that the affordability would run with the land as well. She does not think there are any plans to sell the property, but that is how it is drafted. She also stated that Mr. Coates has indicated to her that if that is a provision that gives the Council pause, he would be willing to remove it from the proposal.

**Council Vice-President Vargas** stated that as to the language in terms of windmills, she sees it as kind of a gray area. She asked petitioner to elaborate on not just the windmills but also solar panels in general. Mr. Coates stated that they do not have an interest in putting in a windmill on the property and they are not looking to short circuit any regulations to apply to renewable energy. They are not trying to slip something through to get a solar field and it does not allow them to do this. As to the solar, they would like to have the solar covered parking spaces and it is a structure that is taxed. They have this same Ordinance going before Warwick, Providence, Newport and Westerly and it has nothing to do with the tax treaty. That is something that can be eliminated if it causes any distraction or doubt.

**Council President Marino** stated that these two residential developments before us already have affordable housing as a component to it and Federal and State Law allow for and encourage this type of tax stabilization agreement with those properties. Relative to the notion of them not paying or being an unfair burden, she disagrees with that because currently this is vacant land and there is a gain going forward for the money coming into the City and development even with the affordable component not happening at a case in which she thinks that we would like to see. As to the issue of not having a fiscal note, we should not even be considering it this evening. Every member of this body, including the Council Member who mentioned it, has presented past Ordinances and the fiscal notes came at the direction of the Administration. That is their task to do and once the Ordinances are introduced, then that fiscal note comes. There is nothing out of the ordinary. This is all appropriate. This evening she would like to see a motion to continue this for another month. From her perspective, she would like to see us have a TSA to encourage this development. She would like to see perhaps a provision relative to the subject of if the property is sold, then perhaps the TSA would become null and void. As to the mention of renewable energy, facts matter and accurate information matters. We already have on the books regulations relative to renewable energy. They can't just throw up windmills because our laws do not allow for them to just throw up windmills. The last thing we want to have is scared residents thinking that that is going to be happening next door to them when it is not. As it is proposed, she thinks that that is a reasonable component. We all talk about renewable energy and we would like to see green components and this is a great economic incentive to a developer to incorporate those aspects to their units, which would even be attractive to renters. Relative to the issue of the energy component, she would like to see in the Ordinance some clarity in Section 12.301, lines 85 through 91, to make sure that that renewable energy component is directly contingent upon only the use and utility of the property itself. She would like to see between now and next month a discussion with the Finance Department and the developer as to what the base assessment would look like and what those percentages would look like so we can make an educated decision from there.

**Councilman Ferri** thanked the developer for bringing these projects forward to the City. He stated that he thinks that Mr. Coates would not want to be part of anything that would bankrupt the City of Cranston. We need to pay attention to what the developer is trying to do. They are trying to build housing in Cranston to give people a place to live and send their kids to good schools and all we do is get scared that people are going to move into Cranston. Instead of welcoming them and trying to adjust this to make it work for everyone, we are sitting here accusing them of trying to bankrupt the City. Not a good thing. We should be considering doing this because we need places for people to live, we need to move housing upward. It is not going to cost more Police or Fire or Schools to build these projects. The numbers are not there to hurt the City, the numbers are there to help the City.

**Councilman Campopiano** stated that he is in favor of development in Cranston, but not if it is going to come on the backs of our taxpayers.

**Councilman Wall** stated that looking at these projects, there is affordable housing and there is also the ten year period increasing the tax revenue year by year. Looking at the proposal, he is in favor of it, however, it is a good idea to continue it and get some of the questions answered so everyone is comfortable with it.

**Councilwoman Renzulli** stated that, to be clear, she did not say that this proposal, either the twelve units or the 244 units, are going to bankrupt the City alone or that that is Carpionato's intention. That is certainly not Mr. Coate's intention. If we start a precedent where every developer comes in and wants a tax break, then we could have a problem. Cranston Printworks project is not getting affordable housing, but Knight's Corner has an affordable housing component and Councilman Donegan had asked them directly if they were seeking a tax treaty and they stated no and they are also committing to doing green development and they are not asking for anything. She is just wondering if we are now going to attach tax treaties to an affordable housing component, then she thinks that is a different vote. When the Council previously voted on affordable housing there was nothing attached to it so 15% seemed like the level we were going at, but if we were going to be giving people tax cuts, then maybe we could have increased that. She does not think that is a ridiculous concept to bring forward or to say that we do not want affordable housing because we do, but maybe if you are going to get a tax break, then you need to be up another level of the affordable housing that you are giving and maybe we need to know how much money of this tax break is going to be passed down to the people who are actually living in these communities because they are the people that need affordable housing and people that need a place to live. Unless Carpionato Group can show financial distress, like we are asking for Industrial and Commercial businesses who are coming before us for tax treaties, then she does not think it is fair. That is nothing against Carpionato Group, that is nothing against development, that is just trying to be responsible and seeing things a little bit differently than some of the people here. She thinks we should have solid numbers as we are discussing this.

**Chair** asked what the Administration's position is on this. Director Moretti stated that the Administration would like to see a fiscal note. It has been alluded to that the Finance Director is responsible for that. The answer is, absolutely yes, but the Finance Director also needs the input from the petitioners to provide enough information for him to formulate a fiscal note. As it stands, he does not have any information, so he wants to be clear that Mr. Zidelis was not inept and not provide a fiscal note this evening. He did not have the information to begin a fiscal note.

**Councilwoman Renzulli** asked Administration if it is typical when someone puts forward an Ordinance that needs a fiscal note that they ask for fiscal note or do you just know to create a fiscal note out of thin air. Director Moretti stated that he does not think there is anything in an Ordinance or Charter that makes that procedure. He thinks that common sense tells you just as the petitioners went to the Council President to discuss what they wanted to discuss, he thinks it would be up to the petitioner or the person sponsoring the bill to suggest it to the Finance Director.

**Council President Marino** stated that the Charter requires a fiscal note relative to these Ordinances. It is the Finance Department's job, the Finance Chair, the Administration to review the agenda. Someone dropped the ball. This is normal standard procedure and it is not her job to do someone else's full-time job. She is not accusing them of that. She asked that this Ordinance be continued. She does not appreciate someone insinuation that somehow there was a ball dropped by the sponsor. Director Moretti stated that he would not expect the Finance Director to dream up a fiscal note himself. Councilwoman Renzulli stated that she did not have any intention of anything. She was just asking who would ask for the fiscal note and it would seem to her it would have to be the sponsor.

Motion and second to recommend approval were withdrawn.

On motion by Council President Marino, seconded by Councilman Ferri, it was voted to continue this Ordinance. Motion passed on a vote of 6-2. The following being recorded as voting "aye": Councilmen Donegan, Ferri, Wall, Councilwoman Germain, Council Vice-President Vargas and Council President Marino -6. The following being recorded as voting "nay": Councilmen Campopiano and Paplauskas -2.

**12-23-02**      ***ORDINANCE In Amendment of Title 3 of the Code of the City of Cranston, 2005, entitled "Revenue and Finance", Chapter 3.111 – Ten (10) Year Tax Stabilization for Property Located at 320 Scituate Avenue (Scituate Avenue Tax Stabilization); Sponsored by Council President Marino.***

**Tanessa Azar, Esq.**, of Moses and Ryan, appeared to represent the petitioner and stated that this is very similar to the prior proposal. This proposal is for approximately 252 units, of which 15% would be affordable. She asked that this be continued so they can gather some more financial information and make some edits that have been discussed.

On motion by Councilman Ferri, seconded by Councilwoman Germain, it was voted to continue this Ordinance. Motion passed on a vote of 6-2. The following being recorded as voting "aye": Councilmen Donegan, Ferri, Wall, Councilwoman Germain, Council Vice-President Vargas and Council President Marino -6. The following being recorded as voting "nay": Councilmen Campopiano and Paplauskas -2.

B. Resolutions

None.

**C. *Real Estate Tax Abatements***

On motion by Councilman Ferri, seconded by Councilwoman Germain, it was voted to recommend approval of this list of Tax Abatements as recommended by the City Assessor. Motion passed unanimously.

**D. *Tax Assessment Board Of Review assessed December 31, 2022.***  
*(Informational Only-No Vote will be taken)*

No action needed.

**E. *Tax Interest Waiver Approvals***

On motion by Councilman Ferri, seconded by Councilman Wall, it was voted to recommend approval of this list of Tax Interest Waiver Approvals. Motion passed unanimously.

**F. *Tax Interest Waiver Denials***

None.

**Councilman Donegan:**

- ***Status of Community Center to be built on Duckworth St. to be paid for by State/Federal grant funding***

**Director Moretti** stated that last Friday, the Phase II application was submitted to the Pandemic Recovery Office. If everything goes well, the target would be the end of February to have approval from the State.

**Chair** asked that this be continued to next month's meeting.

- ***Status and update of independent audit***
- ***Status of extension made to the Rhode Island Auditor General, and status of response from the Rhode Island Auditor General***

**Chair** stated that Director Moretti communicated to him that an extension request was made to the Auditor General on December 28<sup>th</sup>. He asked what the response was.

**Director Moretti** stated that there was a meeting this afternoon via Zoom with members of Marcum, members of the Auditor General's Office and himself and members of the Finance Department and the Auditor General thought the two month extension was reasonable find.

**Chair** asked reasons for the request. Director Zidelis stated that the request was the timing of the Audit being completed was a combination of a few things. One being, commencing the Audit to getting all the information to Marcum, but the original Audit schedule was supposed to occur October 10<sup>th</sup>, it did not for reasons that we will clearly disagree on, but other contributing factors are we had one of our key Finance position vacant since May and also, we had our Controller out for six weeks so that further compounded the matter. Chair stated that it is concerning that this is the second straight year that we have needed an extension and how late it went this year to the request being made on December 28<sup>th</sup>. He asked what date the Audit is supposed to be completed. Director Moretti stated that it is supposed to be submitted to the Auditor General by December 31<sup>st</sup>. Chair stated that if it is not submitted to the Auditor General by December 31<sup>st</sup> and no request for extension has been granted, he asked what the penalty is. Director Moretti stated that he does not know if there is a financial penalty. Chair asked if anyone or Attorney on the call what the penalty is if we are late. James Wilkinson, Partner with Marcum, appeared to speak and stated that by Statute, he believes the penalty could be \$10,000. In his experience, he has never seen that implemented.



**Chair** recognized Attorney Angell.

**Attorney Angell** stated that that is correct information.

**Chair** stated that that is encouraging, but that is still something that needs to be done and completed timely. He asked if there is anything that Marcum needs from the Finance Committee in order to move the process along. Mr. Wilkinson stated, not the Finance Committee. When he was before the Committee in November, they were commencing the Audit at that point in time. They worked diligently with Director Zidelis and his team and their team to work on Audit procedures as information was provided. There are basically two items that are outstanding that they have not been provided. One is the schedule of expenditures of Federal Awards and the other is on the implementation of a new accounting standard regarding subscription based IT agreements, which is new for every community, which requires quite a bit of homework to identify all those potential contracts and gather all that information. The funds that go into the financial statements have largely been completed and drafted. They relayed to the Auditor General's Office today that the General Fund of the City is expected to report a surplus in that position this year. The unassigned fund balance of the General Fund is expected to increase because the advance between the self-insurance fund was cleared up during the year.

**Chair** stated that last year the expenditures of Federal Funds was also something that delayed the completion. He asked why it is that those funds in particular are causing a delay. Director Zidelis stated that the way we account for certain Federal Funds as processing them through the General Fund gets lost in a \$350 million budget and we have initiated a new accounting procedure where we are pulling it out of the General Fund. We have changed our procedures where we are segregating Grants specifically Federal Grants outside the General Fund so we don't have to hunt for those expenses. The biggest problem is last year's single Audit they actually noted even our Revenue recognition where we applied a reimbursement as a negative expense was not proper accounting. That is all changed.

**Council Vice-President Vargas** asked Auditors how we can assure ourselves or as a City so we do not continue to request extensions year after year. She does not want to make this a force of habit at all for the City. She questioned the Auditors if we should be engaging in conversations ahead of time or should they be engaging with conversations ahead of time. This is two years in a row that we have requested an extension and she thinks that it is a very high concern to anyone on the Council. She questioned how we, as a Council, move forward and work on making sure that this does not happen again. Mr. Wilkinson stated that as part of their process, they have an entrance conference with their clients, they do share information requests. He can't comment internally on policies and procedures and processes the City has, but certainly at the end of their Audit they will again go through their notes and write up whatever findings and recommendations they have on that perspective and they are willing to discuss those. Council Vice-President Vargas asked what the next steps are. Mr. Wilkinson stated that the next steps are once the information on the scheduled expansion of Federal Awards is provided as well as the information on the subscription based IT agreements, they will apply their Audit procedures to those. There are some additional pieces of financial payments that the City does present dependent on closing the funds and final numbers to be presented.

**Councilwoman Renzulli** stated that back in November, Marcum appeared before the Committee and stated that they anticipated the Audit being on time this year. She asked representatives from Marcum when they knew that it was not going to be on time. Erica Olibrie, Partner at Marcum, appeared to speak and stated that she had conversations with Mr. Zidelis right before Thanksgiving

saying that the amount of items that were outstanding and it was not going to make the 12/31 deadline. She encouraged him to get an extension at that time and then she kept emailing and requesting it, which she never obtained and then she reached out to Councilman Donegan and then she believes the extension was obtained. Councilwoman Renzulli asked Councilman Donegan when he was made aware of this. Councilman Donegan stated that he received an email on 12/27 from Ms. Olibrie notifying him that there were outstanding items and he responded the next day advising that he would follow up. On the morning of 12/28, he sent an email to several people including Director Moretti and Director Zidelis later that day and request for an extension was sent from the City of Cranston to the RI Auditor General. Councilwoman Renzulli stated that we have an Audit Committee and asked when that Committee met and did they know about this or could they have been of some kind of help to make this move faster. Councilman Donegan stated that the Audit Committee has not met, but his understanding is the delay is solely due to the City not providing certain materials to facilitate the completion on time. Councilwoman Renzulli asked what the Audit Committee's role or duties are. She recalls in the past, Councilman Ferri Chaired the Audit Committee and they met often. Attorney Angell stated that it is the role of the Council to supervise the annual Audit of the City by State Law and by Charter. Obviously, there was a delay in providing some information to the Auditors, which necessitated an extension of time. The channels of communication seemed to have function to the point where when the Auditor was not getting what they felt was a timely response with respect to the status of an extension, the Finance Chair in his capacity of facilitating this information, stepped in and the Administration completed what they needed to complete for an extension timely by the end of the year. The extension has been obtained and it was granted for sixty days.

**Councilman Ferri** asked if the real problem that the Audit is not ready is because the Finance Office is short staffed. Director Zidelis stated that that is part of it. As to starting earlier, we do not even close our books until September 30<sup>th</sup>. The original 10/10 commencement date would normally have been the earliest we could commence with the field work. As to the staffing, the Chief Financial Clerk retired in the end of May and his replacement just started last week. We also had the City Controller out due to a medical procedure and then worked from home. Ultimately, we have to start earlier and be on top of things.

**Director Moretti** referred to an email of August 9<sup>th</sup> from the Audit Manager to the City Controller regarding Audit timing this year. The Controller replied by stating that he was thinking starting the Audit the day after Columbus Day, October 10<sup>th</sup>, same as every other year. On October 9<sup>th</sup>, the Controller sent an email to Intern for Marcum attaching the Audit package for FY2023 and indicating that there are some open items, fixed assets, OPEB Report, IBNR and any legal accruals that may be accrued and would be sending backup as they are completed. An email of October 10<sup>th</sup> from Ms. Olibrie to the Finance Director stating an open invoice from last year and start date would be put on hold. We were ready to go with the field work on October 10<sup>th</sup> and field work commenced by them on November 27<sup>th</sup>, seven weeks past from that communication. He has heard the answer from Director Zidelis of why the delay and he would like to hear from Marcum. According to Director Zidelis, there seems to be a dispute over work performed for the order of 2022 that there was an invoice or two that was received that Director Zidelis felt was in the scope of the Audit work contract for the prior year and Marcum felt outside the scope that warranted additional billing. Mr. Wilkinson stated that their ethical standards do not allow them to maintain their independence if there is an overdue invoice of prior engagement. They are not allowed to have joining investments with their clients. They are not allowed to be in a lending relationship. Their firm takes that seriously and they discussed that with the Finance Director.

**Councilwoman Renzulli** asked the Auditors why the Council was not brought into the loop of communication when there was this invoice discrepancy that was not being scheduled and the City could not start the Audit within the schedule that we are used to with the October 10<sup>th</sup> date because of their ethical standards because the Council hired the Auditors to do this job. Mr. Wilkinson stated that at that point, he believes that they were having constructive conversations about it and did not think it was going to delay the Audit start date being delayed. Councilwoman Renzulli asked the Auditors that in the future, if they come into a situation like this again, she would appreciate it if they contact the Council.

**Council President Marino** asked the Auditors if they had the documentation they needed by November 27<sup>th</sup>, would the Audit have been completed by December 31<sup>st</sup>? Mr. Wilkinson stated, yes.

**Councilman Ferri:**

- *Status of the Bidding Process for the Budlong Pool*

**Director Moretti** stated that as of last week, Architect Saccoccia and Associates, has reported that they were expecting to have bid documents for end of this week. Those documents, then the City would be sending out to prospective bidders. Councilman Ferri asked how many there are. Director Moretti stated that he does not know. Councilman Ferri asked what the odds are that the pool will not be opening up next June. Director Moretti stated probably not June. They had stated that they were shooting for sometime in the Summertime.

## **VII. ADJOURNMENT**

The meeting adjourned at 8:55 p.m.

Rosalba Zanni  
Assistant City Clerk/Clerk of Committees