Call to Order / Pledge of Allegiance

Aldermanic President John Anglace called the meeting of the Board of Aldermen to order at 7 p.m. All those present stood and pledged allegiance to the flag.

Roll Call

Alderman John F. Anglace, Jr., President – present
Alderman Lynne Farrell - present
Alderman John “Jack” Finn – present
Alderman Stanley Kudej – present
Alderman Noreen McGorty – present
Alderman John P. Papa – present
Alderman Eric McPherson - present
Alderman Anthony Simonetti - present

Administration: Mayor Mark A. Lauretti
Corporation Counsel Tom Welch

Audit Report

Mayor Lauretti stated, Dave Cappelletti is here to present to us the audit results for fiscal year 2010-11.

Dave Cappelletti, Auditor, Levitsky & Berney

If you have your audits with you, I’ll start on page 10 and give you a brief summary and answer any questions you have.

Exhibit F on Page 10 gives you a brief summary of your budget to actual results for the year end. With this the budget to actual revenues over expenditures was an increase of $2.5 million for the year ended; that’s in addition to the fund balance. With the adjustments to gap basis, the complete addition was $1.6 million, which ended with your fund balance unassigned of $6 million for the year end.

If we move forward to Exhibit D, this shows you the gap basis of accounting. It includes not only the General Fund but the Capital Projects, Other Governmentals, and again it gives the summary of the activity. Here under the gap basis of accounting, the General Fund increased by $3 million surplus.
The final portion would be Exhibit A. It shows the Government-wide Financial Statements. In here it shows your assets and your liabilities and the net assets included. Are there any specific questions that I can answer as far as the audit is concerned?

Alderman Papa stated, under Debt Service on Page 10, that comes up to about $13 million. Is that constant, or it varies every year, is that right?

Mr. Capelletti stated, yes. In the notes it goes into further detail. If you go to page 34, the notes of the Financial Statements gives a little detail to the numbers. Page 33 shows you the list of debt that’s outstanding as of June 30, 2011 and on Page 34 it shows the debt payments that will be incurred over the next years.

Mayor Lauretti stated, the answer is yes, it does vary every year. I don’t have an audit report in front of me, but I think it’s important to explain, I don’t know what the number says but sometimes they show the amount authorized, which is a much bigger number than the actual debt that is outstanding. The third set of numbers if the number of debt that we pay on annually. They need to understand that. You can’t look at that one number. I mean, I had an election a couple of years ago and they were trying to tell me that we had all this outstanding debt – and the answer to that was yes, but half of it was already paid off already and they didn’t say that. So sometimes these reports are misleading and that should be clarified.

Mr. Capelletti stated, normally on a capital project you’ll authorize for bonding a small portion, or just in case there’s any change orders you wouldn’t have to go out to bond again. So there is a slight difference between what is authorized and what is actually bonded. Also, it pays down year by year, so at that point the payments reduced in principal.

Alderman Papa stated, so on Page 34 you have 2012 through 2016 – that gives you an idea what the principal and interest, what we’ll have to pay through all of those years.

Alderman Anglace asked, can you elaborate on any of the significant GASB 54 issues that were picked up in this particular audit, if any? We went from GASB 34 to 54 in this fiscal year. Were there any significant issues that, as a result of that change that we should be aware of?

Mr. Capelletti stated, no, there was none. It just represents the fund balance in a different manner. If we turn to Exhibit C, Page 7, and if we look at Fund Balance, you’re going to see that it’s broken up more than you’re usually used to seeing. It’s basically broken up into four different types of fund balance. The first is non-spendable. This is net assets that is in a form that can’t be spent – prepaid expenses, things other than cash receivables, basically. Then it’s broken up into restricted, committed, or assigned, or unassigned. Restricted means that it’s restricted for a third party, so you would need a third party’s permission to spend it. Committed means that it is committed by a public meeting, so you would have to go to a public meeting or do some type of public act to change it.
Mayor Lauretti stated, committed to a specific project or purpose.

Mr. Capelletti stated, yes, Assigned would be committed to a project or purpose, so that means the management would be able to change it. And then Unassigned is what is remaining.

Mayor Lauretti stated, in other words, an example of something committed would be, let’s say the Intermediate School bond issue – the project was $32 million – that would represent a committed project.

Mr. Capelletti stated, yes, you can only spend it for that purpose. Yes. Before we’d always talk about the fund balance – Undesignated Fund Balance, which would be the portion that would be available for you to appropriate. Now we look at what is called the Unassigned, which is the $6 million that I brought up previously, which is basically the amount that is available to appropriate. That’s probably now what would be the comparative number between what would be a healthy government compared to one that is not healthy.

Mayor Lauretti stated, in other words, there’s money in the bank.

Mr. Capelletti stated, yes, but also we’ve got to look at it to say there’s cash flow that also is used through that, so that’s where we usually would like six to 12 percent is usually seen in Connecticut in that fund.

Mayor Lauretti stated, that’s what the rating agencies look for. They look for a fund balance of monies that is unencumbered and available in the event that a municipality has an issue. That’s a thing that they always try to focus on when they evaluate your rates.

Alderman Papa asked, what is the percentage of your Grand List that they like you to have?

Mayor Lauretti asked, is it five percent?

Mr. Capelletti stated, yes, for Connecticut they change it from year to year, but usually I hear between six and 12 percent. Shelton has a very good Grand List and the taxes are moderately low, so I believe he’s getting his five percent because there’s so much benefits from other attributes of the City of Shelton.

Alderman Anglace stated, roughly $5.5 million equals five percent, so $6 million is over, so we’re in good shape. Okay.

Mr. Capelletti stated, basically they just want to see that amount of cash would be available for your cash flow. You spend the money and then it takes time for the money to come back.
Mayor Lauretti stated, by the way, that’s a philosophy that I don’t subscribe to, and I’ve always taken issue with the rating agencies over that because it’s not in my opinion indicative of one’s ability to pay or to respond to any inordinate situation that may occur during the course of one year that would obligate a municipality to try to remedy. In other words, if there was a major mishap and we had to spend $5 million or $6 million in an emergency situation, we have the ability to do it. Whether we have the money in reserves or not, we still have the ability to do that. The Charter gives you that authority. That’s why I’ve always taken issue with the rating agencies over making that a point of emphasis when they did our ratings, whether they upgraded us or left us the same. It really has no bearing on our ability to be able to respond to some type of negative impact financially.

Mr. Capelletti stated, the percentage is a rule of thumb; it’s not a guideline. It changes from municipality to municipality based on what the [inaudible] agencies collect.

Alderman Simonetti stated, the Mayor’s point about the rating agencies – where do we stand with the rating agencies? Would you say we’ve got a good rating with them, a very good rating?

Mr. Capelletti stated, you have a very good rating, correct?

Mayor Lauretti replied, yes. We have for a number of years.

Mr. Capelletti stated, the latest rating was after my audit. What was your latest rating, would you recall?

Mayor Lauretti stated, I don’t recall, but I think it’s AA-minus.

Mr. Capelletti stated, so you’re investment quality.

Mayor Lauretti stated, ratings have a big impact on the rates that you get when you borrow money.

Mr. Capelletti stated, borrow money, and your insurance of your bonds. A higher rate is a savings to the City.

Mayor Lauretti stated, the Undesignated Fund Balance is what?

Mr. Capelletti stated, if we look at the Unassigned Fund Balance for the General Fund, it’s $6 million.

Alderman Simonetti asked, did you see any problems in any department, any group, or anything that was done that shouldn’t have been done or maybe could have been done in a better way?

Mr. Capelletti replied, one thing that is new this year that I brought up to management and I wanted to bring up to the Board of Aldermen is, the Board of Education put aside
$200,000 for insurance payments on a self-insurance plan for a dental. It's just my recommendation that that probably should come aware to the Board of Aldermen as far as how to use this fund, who maintains this fund. Because it still is the City's money; it's just in a – it's separated in the Board of Education, maintained by the Board of Education, and they defined their own rules on that. I think that's probably something that the Board of Aldermen should be aware of and also probably have some type of say at a public meeting what they wish, or at least consent to what the Board of Education has come up with as far as that $200,000 reserve.

Currently it’s $200,000 reserve in a separate account, and I believe the Board of Education will spend it on the dental insurance as needed. But in the minutes, I did not see that the Board of Aldermen ever set up such a fund. So there might be a miscommunication between the Board of Aldermen and the Board of Education in the future on what that might be used for.

Mayor Lauretti asked, so who has the final approval over that?

Mr. Capelletti stated, currently right now it’s the people who are maintaining the account, until the Board of Aldermen were to discuss that and make an agreement of some type.

Alderman Simonetti asked, what’s different from that than if they say, “we’re going to put $200,000 away for books”?

Mr. Capelletti stated, the difference to that is the City maintains the cash so they would review the invoices, and also they have to work within a budget to buy books. So this $200,000 is outside of the budget right now, and it would be carried over as a reserve fund to be spent in any one year. As far as how the Board of Education set it up, like I said, it was well set up, and it is set up as an account that’s separated, so there wouldn’t be any confusions with that. At the same time, it is funds that was originally appropriated under an operating budget, and now it’s still maintained at the Board of Education. There is nothing wrong with having a reserve fund, but I think at the same time as this reserve fund may grow, before it gets too large I think the Board of Aldermen should probably have an agreement with the Board of Education on how these funds should be used, and how it should be maintained.

Alderman Papa stated, so that could be spent for something other than the dental plan, is that what you’re saving?

Mr. Capelletti stated, in my history what happens to reserve funds it they sit aside and intentions may be well, but what I’ve seen in other towns and cities is they sit there for 10 years and then all of a sudden we forgot what that was used for. Then it may get confusing what the funds were used for. If there was a resolution or some type of public commitment on what the budget making authority were to say, then I think that would probably have something that was concrete that people would follow in the future. There would also be an agreement between the Board of Education and the City as to this fund existing, and that they should be used for a certain purpose. I could see five or six years
down the road, the Board of Education using these funds because of the insurance needing it, and the Board of Aldermen not understanding where that money came from.

Alderman Anglace asked, during the course of the audit, did you discuss this with the Board of Education or representatives?

Mr. Capelletti stated, I discussed it with only the Finance Director of the Board of Education.

Mayor Lauretti stated, I’m a little confused. Who is the authority over the $200,000? The Board of Education or the Board of Aldermen? It can’t be both.

Mr. Capelletti replied, if it was originally appropriated in the operating budget and there was nothing in your Charter and there was no resolution by the Board of Aldermen, I would say it is the Board of Aldermen’s funds. However, the cash account itself is at the Board of Education so they could spend out of that account and the Board of Aldermen probably wouldn’t be aware of it. In reality the Board of Education has the authority since they have the cash.

Mayor Lauretti asked, legal authority or illegal authority?

Mr. Capelletti stated, I’m the auditor, not the attorney.

Mayor Lauretti stated, it’s either fish or fowl, which one is it?

Mr. Capelletti stated, like I said, it’s confusing for me to audit coming forward; I’m going to be taking a look in that every year and I would like to have some type of guidelines that say, “this is what they can spend on and this is what they can’t” and then I would know exactly what I’m supposed to be looking for. Going forward, if they were to spend it on say, bookkeeping for insurance, does that count? I don’t know. There’s nothing from the Board of Aldermen or the Finance that discusses what they’re allowed to spend it on.

Alderman Simonetti asked, isn’t this like any funds we’ve given to the Board of Education? They are controlling it?

Mr. Capelletti stated, yes, what you do is normally you approve an appropriation through a budget, and at the year end the appropriation lapse. This year that’s exactly what happened, at year end, everything that wasn’t encumbered lapsed, except for the $200,000 which they included into a reserve fund.

Alderman Anglace stated, if I recall correctly, something similar to this has come up in the past, in past years, and we’ve talked about it. The Board of Education has said, look, if you want us to be frugal, and we want to be frugal, what’s the incentive for us to be frugal? If we save the money, and we need it someplace else, we can’t put it someplace else. Now I understand that this year, because you advised me to talk to them, and I did talk to them about this issue. I understand that they had some advice from outside counsel. Outside counsel advised them to go this way. I don’t think that’s their position
now and I think we'll hear during the public portion from the Finance Director of the Board of Education, and he'll explain to us what they did and why they did it and how they see things now.

Mr. Capelletti stated, I want to add that it was done in a very organized manner and like I said, it is an isolated account and none of it was spent during the fiscal year. I'm looking down the road as it may be a potential problem coming in years to come. When a fund is small, it’s a little bit more to manage and to set up guidelines and rules, and basically an understanding of communication. If I thought it was a compliance issue, then it would have been mentioned much earlier. There are similar reserve funds that you’re allowed to set up within the State of Connecticut under State Statutes; a reserve for insurance is one of them. A reserve for building maintenance; there are several of them that they could set up. I don’t see it in the Charter, and I don’t see it as a Board of Aldermen acknowledgement of it. I just think it’s something that the Board of Aldermen should be aware of so that when years come and they have an expenditure to an insurance plan, there wouldn’t be any question of the Board of Aldermen where that money came from.

Mayor Lauretti stated, I guess the question becomes, who has to authorize that? I mean, if we all understand that once you give them an appropriation, they can spend it any way they want. But the budget year has come and gone, and it’s lapsed. They’ve encumbered funds, left over from that budget year, and then they’ve taken this $200,000 and put it in a separate bank account. Under what authority are they doing that, is what the question is. If you’re saying it was a Board of Aldermen appropriation and it’s excess funds, it’s now outside the budget, someone’s got to control that money; it can’t be in limbo. There’s got to be a fiscal authority. So, who is it?

Mr. Capelletti replies, it’s who has the authority now.

Mayor Lauretti stated, well, for the City of Shelton the Board of Aldermen is the fiscal authority.

Mr. Capelletti stated, yes, that’s what I would imagine. It’s an area that has become gray because of the Board of Education acting in one way and the Board of Aldermen acting in another. So that’s where the communication breakdown is happening. So you’re asking me a legal question on who has authority and I believe the way it was set up, it could be questioned on who has the authority. In this situation, whoever has the cash could probably expend it without the other party knowing.

Mayor Lauretti stated, well, we know that could happen, but we’re talking about legal authority to be able to do something. I couldn’t take money out of one of the City’s accounts that was – let’s say the General Fund Surplus – I couldn’t take money out of there as the Mayor and make an expenditure without the authority given by the Board of Aldermen through a public vote. Why wouldn’t this work the same way?

Mr. Capelletti stated, yes, that’s basically the Board of Education, I believe, set up a self insurance fund similar to what we use for the Workers Comp. Where you do have something in your Charter describing what could be spent and what it is. That’s very easy
for me to understand. In this situation, there’s just no authorization by the budget making authority.

Alderman Simonetti asked, where is that in here, in the audit?

Mr. Capelletti replied, where you can see it is on Exhibit C. I recorded it as, based on, it’s under the Assigned portion of the Fund Balance. It’s $212,000. Like I said, I’ve recorded it as GASB 54 as Assigned because it was a management and not a budget making authority who committed to it.

Alderman Anglace stated, so at a minimum we should have Counsel look into it and determine the appropriate and proper procedure.

Mr. Capelletti stated, I would think that would be, yes, that is what I’m recommending. It’s $212,000 out of $60 million, but as it grows, I think it’s probably best that we solve issues before it becomes a problem.

Alderman Simonetti stated, that’s the only issue you have with the whole budget?

Mr. Capelletti stated, that was one concern where I was still with question after talking with management, yes.

PUBLIC SESSION

Mayor Lauretti asked if any member of the public wished to speak.

Al Cameron, Finance Director, Board of Education

I would like to congratulate all of you on an excellent audit. We made progress in improving our fund balance, year over year. Rating agencies are still very pleased with Shelton. We hear it over and over again that our financial condition is the envy of other towns, and it’s true. I would like to thank Mr. Capelletti and Alderman Anglace for giving me a head’s up and letting me know that this $212,000 was going to be an issue for you to come up as part of the audit, and allow me to explain, at least at a higher level, what the Board of Education was thinking and what they did.

First, you should know that last year was our first year, both the City and the Board of Education, being self insured for dental insurance. Always in the past we were fully insured. What this meant was when the claims were processed by Assurant, who is the third-party administrator, they only passed on the actual cost of the claims plus a processing fee. The risk and reward situation changed. When we were fully insured we just paid a monthly premium and we knew what the end was going to be. Last year what happened is, without any actuarial information we just said, “Okay, we’re going to budget for dental the same as we budgeted the year before.” It was the best guesstimate that we could make as to how much we needed to earmark in our budget. What happened, was what we estimated and what actually happened, there was a gap of $212,000. We knew there was supposed to be what they call a 90 day run out. But
$212,000 was more than a 90 day run out. So what we felt like was, okay, we’re self insured but the day is going to come when, just like this year we’re experiencing a great claims experience. There is going to be a day when we’re going to have a not so great claims experience. Together we see that because something that came up in the audit tonight, the workers compensation. That is a situation where right now in that same audit report it reports a deficit of $5.5 million that has accumulated since we became self insured. What the Board was thinking is, that’s not a place we want to go. So they said, “What are some ways that we can avoid that?” And they asked me to reach out to other Boards of Education and others and find out what is a way that people deal with the risk of being self insured. What they do, and it’s a pretty common practice and I think this is what Mr. Capelletti was referring to, is they established something called an Internal Service Fund. What the Board did was they got advice as to how to establish that. Following that advice, they had made a resolution at a Board meeting that said that they could establish this fund, that the fund could only be designated – now remember, the money came from unspent money that was earmarked for health insurance – so the resolution says all the money can be spent for is health insurance overruns. So it isn’t like it’s just $212,000 sitting out there that can be spent on anything. There is a resolution and the resolution limits what it can be spent on. To make sure that this – and as he said, it was done properly. This money is at Wells Fargo. Wells Fargo is the City’s primary depository. Every month when Mr. Marusic and Mrs. Scanlon see the statements from Wells Fargo, they see this money. So it isn’t sitting in the bank someplace in the Cayman Islands or anything; this is at the City’s primary depository. It is not earning interest, but it is crediting toward the balance that we need to maintain on file. So they did try to set this thing up for the future, and actually they though that they were doing a good thing. We know that we’re experiencing a lot of difficulty with the Workers Comp because we don’t have an Internal Service Fund. We’re trying to deal with that $5.5 million that has accumulated over the years. What this thing is designed to do is in those times when we exceed what’s budgeted, then we draw down from it. In the times we’re underneath what’s budgeted, we would potentially supplement it, or we may not. That was kind of all I had.

Mayor Lauretti stated, thank you. I would like to respond, which I don’t normally do, but I think your comments really beg the question. A couple of points. Number one, the Board of Education has a long history of establishing resolutions and then changing them – as they do with budgets. When they establish a budget, they constantly change the budget during the course of the year through transfers. Then they finalize these monthly transactions with encumbrances at the end of the year. Encumbrances are monies that are left over from other accounts, they get put into other line items for other purposes. So the history behind the Board of Education is not a stable one in terms of standing up here in a public arena and saying that, you established it openly and honestly for some purpose - because they change their purpose constantly. The second point is that with respect to being able to establish funds for insurance purposes, it is more appropriate and more prevalent for health insurance as opposed to dental. Now, we know what at least the 20-year history is on dental claims for both the City and the Board of Education. So there is a good predictability here, and $200,000 far exceeds what that predictability could be. Lastly, the point about the Workers Compensation Fund, I think
is erroneously stated in the minutes a $5 million deficit. That is not the case. In fact, the...

Mr. Cameron interjected, look in the audit.

Mayor Lauretti stated, I know what the audit says. I don’t agree with the audit, because those claims have been paid. Really what’s outstanding is somewhere in the neighborhood of $2 million. The audits and accountants do things on paper that don’t actually reflect what exists in real life because, don’t think for one minute if those claims were not paid that there wouldn’t be more attention given to the payment of those claims. I think you understand what I’m talking about.

Mr. Cameron stated, I understand what you’re talking about.

Mayor Lauretti stated, so it’s not a deficit of $5.6 million or $5.4 million, whatever that number in the audit is.

Mr. Cameron stated, I understand that part. But I guess, I’m not going to speak to the first part because I work at the Board of Education, they are my bosses. I can’t talk about that. What I can do is I can talk to you about what they did and why they did it. And that’s what I told you tonight.

Mayor Lauretti stated, and I’m reflecting an opinion that is not just an opinion pulled out of the air, but an opinion based on factual occurrences of what goes on at the Board of Education year in and year out.

Mr. Cameron stated, I can’t respond to that. But that’s what happened and that’s why there’s $212,000 earmarked. Actually they thought they were doing a really good thing, because they felt it would serve us all well; they thought it would reflect well on the City and the audit.

Mayor Lauretti stated, Al, if they did that for Worker’s Compensation I would stand up and applaud. It’s not necessary in the area of dental.

Mr. Cameron stated, but Mark, the resolution says health insurance. It isn’t limited to dental. The possibility is that we could go self insured on health. And that was what they were thinking about. Any other questions?

Mayor Lauretti stated, but you’re insured under health so you’ll never get to that point where you’ll use it.

Mr. Cameron stated, right now we are, but we could go to then, they made the resolution for health as well as dental.

Mayor Lauretti stated, as I said, if they did it for Workers’ Compensation I would stand up and applaud.
Mr. Cameron stated, we don’t have enough shovels and enough dirt.

Alderman Anglance stated, it appears to me from what we talked about that the Board of Education went out for an opinion using outside counsel.

Mr. Cameron stated, they did.

Alderman Anglance stated, I think at this point given all the information that was talked about tonight, we should ask Corporation Counsel to look at this and give us an opinion.

Mr. Cameron stated, I can give you the resolution, the minutes, and all of that stuff.

Mayor Lauretti stated, thank you.

Mayor Lauretti asked if any member of the public wished to address the Board. Being none, he declared the public session closed.

**Agenda Items**

**Add-On**

Alderman Anglance MOVED to add to the agenda as Item 9.4 Funding for White Street Fence; SECONDED by Alderman Papa. A voice vote was taken and the MOTION PASSED 8-0.

**MINUTES FOR APPROVAL**

Alderman Anglance MOVED to waive the reading and approve the minutes of the Regular Meeting of January 12, 2012, and the Public Hearing on Ordinances of January 24, 2012; SECONDED by Alderman Papa. A voice vote was taken and the MOTION PASSED 8-0.

**5.1 FINANCE COMMITTEE**

No items.

**5.2 PUBLIC HEALTH & SAFETY COMMITTEE**

No items.

**5.3 STREET COMMITTEE**

No items.

**REPORT OF THE MAYOR**

None presented.
FEBRUARY 9, 2012
BOARD OF ALDERMEN
FULL BOARD MEETING
Page 12 of 24

REPORT OF THE PRESIDENT

Back in October of last year, Mrs. Joyce Wilson asked the Board of Aldermen to review a fence issue for the City purchased Klapik/Carroll property and to respond to them. Since then, City Counsel has researched and reviewed the question, and I will now read a letter responding to Mrs. Wilson. If there are no objections from members of the Board, I will send this out to her tomorrow.

February 9, 2012

Ms. Joyce Wilson

Re: Carroll/Klapik Property

Dear Ms. Wilson:

Pursuant to your request, we have had the opportunity to research the issue raised by our correspondence presented at the October 13, 2011 Shelton Board of Aldermen meeting.

Enclosed please find the following documents, to wit:

1. Correspondence from Attorney Laura Donahue dated October 19, 1999 along with the attached Contract;
2. Correspondence dated November 30, 1999 from Attorney Laura Donahue with a revised Contract an the revised language regarding the fencing issue.

Please note that in Attorney Donahue’s November 30, 1999 letter, Attorney Donahue specifically indicates “You will also note the modification of Paragraph 10 to address the issue of the fence.”

Based upon the foregoing, it is clear that the initial draft contract and the restrictive covenants itemized in paragraph 10 were not acceptable to the City of Shelton. Therefore, after negotiation with the landowner’s counsel, Attorney Donahue proposed and drafted the language pursuant to her correspondence dated November 30, 1999. The final language on the executed contract by all parties provides as follows:

“The Buyer agrees, within a reasonable time after any active use is made of the property, to install and maintain fencing along the boundary of the property and the adjacent properties now of Helen Scheibener, John G. Klapik, Harry Klapik and John A. Klapik.”

The chronology of events as set forth in the correspondence from Attorney Donahue and the Contracts are clear and unambiguous. Specifically, in the initial draft the Seller requested that the Buyer install and maintain fencing along the boundary of the premises. The City objected to said provision and informed the Seller of said objection.
Subsequently, the Seller, as set forth in Attorney Donahue’s correspondence dated November 30, 1999, agreed that fencing would not be required until such time as the Buyer commenced a “active use” of the premises.

The City is the owner of over 1,000 acres of open space. Based upon my research, the City has never agreed to fencing open space as a condition of closing. Further, the City, in its efforts to preserve open space within the boundaries of the City, has been clear and consistent regarding said purchases.

Please note that the issue of “active use” has also been addressed on other occasions by the City. The City has set forth in other deeds wherein the City reserved the right to develop “passive recreational facilities and support facilities” as opposed to “active uses”. In said documents passive recreation is defined as ‘recreational trail usage (non-motorized), recreational activities which do not require formalized delineated playing field or area, picnicking and environmental education with public access’. A copy of an example of same is attached for your information.

Based upon the foregoing, the issue regarding the fence was specifically and clearly negotiated with the Seller’s attorney and the language agreed upon by all parties.

Please be advised that if and when the City commences an “active use” of the premises, the City will comply with its obligation to install a fence as set forth in the executed Contract.

FOR THE BOARD OF ALDERMEN

John F. Anglace, Jr., President

6.0  LEGAL REPORT

6.1  Corporation Counsel Billing

Alderman Anglace MOVED to authorize a total payment of $2,062.50 to Corporation Counsel Welch, Teodosio, Stanek and Blake, LLC, for services rendered per statement dated February 6, 2012, with funds to come from the following Legal Services Accounts:

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SECONDED by Alderman Kudej. A voice vote was taken and the MOTION PASSED 8-0.

7  LEGISLATIVE - OLD

7.1  ITEMS FROM PUBLIC HEARING
7.1A Proposed Ordinance Prohibiting the Blocking of an Intersection

Alderman Anglance MOVED to adopt the proposed ordinance “Prohibiting the Blocking of an Intersection” which is included by reference; and further,

MOVED that this ordinance be published in summary form with a full copy available for review in the Office of the City/Town Clerk. SECONDED by Alderman McPherson.

Alderman Anglance stated, this ordinance represents an effort by our Street Committee to address traffic congestion downtown. Enforcement could be argued. But we need to put this ordinance in effect regardless of the possible flaws. We need to enlist public support versus punitive action if we hope to improve the flow of traffic through our downtown. For this reason, I will lend my support and give it a try in the hope that it will work as intended. We’ll have to put up signs and we’ll have to do some marking at the intersections. There are four intersections involved. It’s limited, and everybody believes this will be a good trial to see if we can make some progress on the flow of traffic. I think it deserves a shot.

Alderman Simonetti asked if the size of the stripes are by ordinance of the State, or are we making that decision? One foot stripes seem really bold.

Alderman McPherson stated, they mandate the design.

Mayor Lauretti stated, I want you to know that I am not in favor of this ordinance. I don’t think it will do anything to solve the traffic issues downtown. I have over the years paid very close attention, for a number of reasons, to the traffic issues in downtown. They are far more reaching than what this ordinance can do. I also believe it is next to unenforceable.

A public hearing was held on January 24, 2012.

A voice vote was taken and the MOTION PASSED 8-0.

Alderman Anglance stated, we will look forward to your veto.

Mayor Lauretti stated, well, I didn’t necessarily say that I was going to veto it, I just want to be on the record as saying that I don’t think this is going to work at all; I think it’s an effort in futility. When the traffic lights are controlled by the State of Connecticut and the main traffic generator is 110, therein lies the issue. You know, I had a business down on that road for eight years. I used to watch it at all different times of the days and weekends and holidays and inclement weather, and the time when the oil truck came into White Hills with the spigot open and dumped out a whole tanker full of oil down 110 and the road was shut down and they had to bypass it. I think I have a pretty good flavor for the traffic issues on Howe Avenue.
7.1B Amendment to Chapter 16, Section 16-34 Winter Parking Restrictions

Alderman Anglace MOVED to adopt the amendments to Chapter 16, Section 16-34 Winter Parking Restrictions which is included by reference; and further,

MOVED that this ordinance be published in summary form with a full copy available in the Office of the City/Town Clerk. SECONDED by Alderman Kudej.

Alderman Anglace stated, I want to extend my thanks to the Street Committee for their work on both of these ordinances. Good job – they went around a couple of times and had a lot of discussion.

Alderman McGorty asked, what was the motivation for moving to a monthly restriction versus daily?

Alderman McPherson stated, that was the recommendation of the Chief of Police.

Mayor Lauretti stated, with respect to that, I think there’s a mixed bag on that decision. I’ll use the best reference I can, and that’s Syracuse, New York. For obvious reasons because I spent some time there. There isn’t a day that doesn’t go by in the wintertime most years where it doesn’t snow. They have this odd/even parking on all their streets, and they also have very strict enforcement. Because if they didn’t have enforcement, they’d have chaos. There are not many cities in the country that handle snow removal better than Buffalo, New York or Syracuse, New York, for obvious reasons, because they get inundated with snow every year. In our community, and our location here in Shelton, Connecticut, this is kind of a reaction coming off of last year where at this time there was five feet of snow on the ground. Very unusual – and low and behold a year later we’re in limbo. We get a mixed bag here. Whether we need alternating sides daily or weekly or monthly really depends on the weather that we get and when we get it. Twenty, 30 years ago we used to get a lot more snow than we get now. Now we get a mixed bag – we get rain, snow, ice. We can get an inch or two inches of ice. It’s hard to predict what schedule we should have for the alternating parking. As you know, parking is very difficult to begin with on the streets in our downtown neighborhoods. It’s a tough call.

Alderman McGorty stated, wouldn’t it be best to prepare for the worst? To have the ordinance prepare for a year like last year – or is that too much of an inconvenience in a year like this year where there isn’t much snow?

Mayor Lauretti stated, with anything that you implement, there’s going to be a learning curve for residents. Learning that there’s even an ordinance that governs this. Secondly when you have a winter like we’re having, do you enforce it or don’t you enforce it? Do you give people who are looking through a different set of eyes to enforce when they don’t have to? Again, it’s not an easy call. It becomes a management nightmare for these four months in terms of enforcement.
A public hearing was held on January 24, 2012.

A voice vote was taken and the MOTION PASSED 8-0.

8     FINANCIAL BUSINESS OLD

8.1    First Student Inc. License Agreement

Alderman Anglace MOVED to approve amendments to the license agreement by and between the City of Shelton and First Student, Inc. for the use of a piece of City property known as 55 Riverdale Avenue for the sole purpose of parking school buses which are being used on behalf of the City of Shelton and the City of Shelton Board of Education; and further,

MOVED to authorize Mayor Mark A. Lauretti to sign any and all documents necessary to effectuate said agreement. SECONDED by Alderman Kudej.

Alderman Anglace stated, we have a favorable 8-24 referral.

Corporation Counsel Welch stated, there is one additional word in the last sentence of paragraph 4 that talks about damages or expenses caused by the City, and the word “sole negligence” has to be inserted, and will be inserted, just for your notes.

Alderman Simonetti stated, this company is a sole owner of the buses, correct? So according to what I read here, if they take one of the buses off the lot on Saturday morning to pick up students in Derby to take them to a football game or cheerleading practice or whatever it is, they violate the lease. These buses can’t be used for anything but the Shelton School System. I didn’t know that they would agree to that. It seems odd.

Mayor Lauretti stated, I’m not sure that I agree that the license should be with First Student. I think the license should be with the Board of Education. Because First Student can come and go at any time. The Board of Education is really the one that we’re granting the use of the property to.

Corporation Counsel Welch stated, as soon as the contract terminates, the license terminates. As soon as First Student doesn’t have an agreement with the City of Shelton Board of Education, the license agreement terminates.

Mayor Lauretti stated, okay, but here we go again. We have to put it back on the agenda and have a new agreement. This is a license agreement for the Board of Education use. The license really, I think, should be with them, because they’re going to hold a contract between any bus provider.

Alderman Simonetti stated, the Board of Education contracts with First Student for services. So the Board of Education doesn’t care where they get their buses,
doesn’t care where they park their buses, as long as at 7:05 the kids at Meadow Street get picked up and brought to the school.

Mr. Cameron, from the audience, stated, no Anthony, we care where they park the buses because we want you to get the property tax on them. So we care that they park them within the geographical limits of Shelton.

Mayor Lauretti stated not only that, but they care because if they had to park the buses outside of the City of Shelton because there was nothing available and they couldn’t lease a place in Shelton, then they’re going to charge the Board of Education more money because they’ve got to travel further and we pay for the fuel. There’s a whole litany of reasons why.

Mr. Cameron stated, to the Mayor’s point, the reason that we’re doing this is we’re saving over $100,000 a year in costs in our bus contract for when we had the bus company renting a lot. So that’s really what the driver was.

Alderman Simonetti stated, I’m trying to get to Mark’s point about why should it be the burden of the Board of Education when they don’t own the property that the buses are sitting on.

Mayor Lauretti stated, well neither does First Student. We’re talking about a license holder.

Alderman Simonetti stated, the City owns the property.

Mayor Lauretti stated, right. We’re talking about a license holder to have a specific use to protect the City’s interest in the property. That is the purpose of the license. The Board of Education is the ultimate authority with the bus company, and anything that we bind them by, they will bind a bus company by.

Alderman Anglace asked, do you want us to table it and we can send it back for review?

Mayor Lauretti stated, I don’t know that you need to table it; I just think that the license holder should be the Board of Education, that’s all you really have to change if you agree.

Alderman McGorty stated, I have one comment, the motion doesn’t note what the agreement notes about installing an above-ground fuel storage tank. Should it?

Corporation Counsel Welch stated, no, it’s part of the agreement.

Alderman McGorty stated, because it says the sole purpose is for parking.
Alderman Anglace stated, I think we should table it and send it back for review because everything in here that says “First Student” – we should be giving that to the Board of Education and they’re going to be sub-leasing so the question becomes, when they sub-lease to somebody, does that come through us also? That isn’t in here. We don’t license the Board of Education to use property, we allow them to use the property, we designate it for their use and then they take it from there. If they want to park buses, this agreement should be between them and the bus company.

Mayor Lauretti stated, we authorize educational and associated uses with specific properties owned by the City to the Board of Education. They’re approved in meetings. When we built the Intermediate School, we built it for the specific purpose of education. So we haven’t done that with this property. This is a City-owned property and it’s for all intents and purposes, it’s the bus lot.

Alderman Anglace stated, but we’re allowing the Board of Education use of this property, and they’re going to use it for bus purposes.

Mayor Lauretti stated, no, that’s not what this license says. We are allowing the bus company to do all that.

Alderman Anglace stated, I know what it says but I think the intent is for us to let the Board of Education use it.

Mayor Lauretti stated, but it doesn’t say that.

Alderman Anglace MOVED TO TABLE; SECONDED by Alderman Papa. A voice vote was taken and the MOTION PASSED 7 Yes, 1 No (Simonetti).

9  **FINANCIAL BUSINESS NEW**

9.1  **Contract Amendment and Appropriation for Riverwalk Final Design**

Alderman Anglace MOVED to amend the agreement between the City of Shelton and Rotondo Engineering, LLC as outlined in Schedule B – Scope of Services, Shelton Riverwalk – Phase II; and further,

MOVED to appropriate a sum not to exceed $77,000 for expenses incident to this amendment with money to be provided by bonding, pursuant to Section 7.16 of the City Charter; and further,

MOVED to authorize Mayor Mark A. Lauretti to sign all documents and effectuate said agreement. SECONDED by Alderman Papa.

[Battery change on recorder at this point]

A voice vote was taken and the MOTION PASSED 8-0.
9.2 **Transfer of Funds from Contingency to Meritorious Awards**

Alderman Anglake MOVED to transfer $200 from Contingency General Account 001-9900-900.99-00 to Aldermen Meritorious Awards Account #001-0300-412.80-30; SECONDED by Alderman Papa. A voice vote was taken and the MOTION PASSED 8-0.

9.3 **Funding for Police Vehicles – Aldermanic Bonding**

Alderman Anglake MOVED to appropriate $162,400 for the purchase of vehicles for the Police Department with funding to be provided by bonding, pursuant to Section 7.16 of the City Charter; SECONDED by Alderman McPherson. A voice vote was taken and the MOTION PASSED 8-0.

9.4 **Funding for Fence on White Street**

Alderman Anglake MOVED to appropriate an amount not to exceed $6,000 for the rehabilitation of the fence on White Street with funding to come from Contingency General Account 001-9900-900.99-00; SECONDED by Alderman McPherson. A voice vote was taken and the MOTION PASSED 8-0.

10.  -  LEGISLATIVE  -  NEW

**10.1 ITEMS TO PUBLIC HEARING**

10.1.A **Amendment to Ordinance #836 – Amendment to Ordinance Section 2-134 Corporation Counsel Salary**

A public hearing is scheduled for February 28, 2012

Amendment to
Ordinance #836 Corporation Counsel Salary
Last Revised 3/13/08

BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF SHELTON:

Section 2-134

a). Commencing July 1, 2012 the annual compensation for general matters for the Corporation Counsel shall be $44,721.00 to be paid in monthly increments during the fiscal year. The salary for the Assistant Corporation Counsel shall be $31,278.00, payable in monthly increments during the fiscal year.
b). The Corporation Counsel shall receive, in addition to such sum, the sum of $700.00 per month in lieu of secretarial assistance and the Assistant Corporation Counsel shall receive a payment of $571.00 per month in lieu of secretarial assistance.

For those matters which are not included within the above referenced items of compensation, specifically litigation, contested matters and labor work, and such other matters as historically have not been included within the annual compensation of the Corporation Counsel, the hourly rate shall be as approved by the Board of Aldermen from time to time.

10.1.B Continuation of Booth Hill Road/Oxford Drive Water Main Extension Public Hearing

A public hearing is scheduled for February 28, 2012.

10.2 Appointment to Community Garden Ad Hoc Committee

Alderman Anglace MOVED to appoint Patty Van Sickle (U) of 2 Saginaw Trail to the Community Garden Ad Hoc Committee effective immediately; SECONDED by Alderman Papa. A voice vote was taken and the MOTION PASSED 8-0.

10.3 Appointment to the Anti-Litter Committee

Alderman Anglace MOVED to appoint Lorie Evans (D) of 428 Long Hill Avenue to the Anti-Litter Committee effective immediately; SECONDED by Alderman Finn. A voice vote was taken and the MOTION PASSED 8-0.

10.4 Small Cities Grant Resolution – Waiver of Bidding Process

Alderman Anglace MOVED to adopt the following Resolution:

Be it resolved by the Board of Aldermen of the City of Shelton to adopt the following resolution as follows:

Whereas, the City of Shelton has entered into an Assistance Agreement with the State of Connecticut under the Small Cities Community Development Block Grant Program; and

Whereas, the State of Connecticut, pursuant to said Small Cities Grant has granted to the City of Shelton a Grant in the amount of Three Hundred Thousand ($300,000) Dollars; and
Whereas, the City of Shelton has requested applications from eligible property owners wherein said property owner may be entitled to a Grant in an amount not to exceed Twenty Five Thousand ($25,000) Dollars; and

Whereas, said City of Shelton has requested applications from eligible property owners wherein said property owner may be entitled to a Grant in an amount not to exceed Twenty Five Thousand ($25,000) Dollars; and

Whereas, said City of Shelton Housing Rehabilitation Loan Program Handbook and Guidelines requires that “All projects, regardless of size, must be put out to bid and cannot be awarded to anyone other than the lowest qualified bidder; and

Whereas, the Purchasing Agent and Community Development Director believe the most cost effective manner to determine the lowest qualified bidder is to follow the existing City of Shelton Request for Qualification (RFQ) procedure. That will produce a generic qualified bidder list for reference purposes. However, each specific job may be further open for other contractors to submit their “qualifications” for consideration with the successful bidder being selected from all applicants. Nothing herein shall prohibit a contractor from the generic bid list from resubmitting revised qualifications.

Whereas, upon the need for a rehabilitation project to commence, the City of Shelton will request bids from those qualified contractors;

Now, therefore, be it resolved by the Board of Aldermen that:

1) The Board of Aldermen hereby approves the foregoing bidding process for the Small Cities Grant and the City of Shelton Housing Rehabilitation Loan Program.

2) The Board of Aldermen, on recommendation of the Purchasing Agent, waives the bidding procedures as set forth in the Section 7.16 of the Shelton City Charter.

SECONDED by Alderman Simonetti. A voice vote was taken and the MOTION PASSED 8-0.

10.5 Housatonic Railroad Company, Inc. Utility License Agreement – Sewage Lines

Alderman Anglace MOVED to approve the Utility License Agreement by and between Housatonic Railroad Company, Inc., Maybrook Railroad Company and the
City of Shelton and further authorize Mayor Mark A. Lauretti to execute any and all documents necessary to effectuate said agreement; and further,

MOVED to authorize the sum of $1,500 per year, which sum represents the license fee.

SECONDED by Alderman Papa.

Corporation Counsel Welch stated, on both of these items I have addressed the issue with the Housatonic Railroad Company and requested no fee. I understand that they are looking into our request. I do believe there will still be some fee, but I think it will be less than the proposed fee. They indicate some formula because we’re a municipality to reduce that fee. Even though some other aspects of this agreement with regard to negligence issues, etc., that we have attempted to change, their response was, “this is the agreement and specifically, it is an unfortunate reality that allegations of negligence are lodged against anyone and everyone in response to such incidents these days, and with thousands of appurtenances, under and over hundreds of miles of track, we simply cannot leave ourselves open to such a risk.” I had asked for a number of changes and that was the response. So it was asked. But in regard to the fee, the fee you are looking at is the maximum fee. It could be less.

Alderman Anglace MOVED TO AMEND THE MOTION to say “up to $1,500 per year” ; SECONDED by Alderman Simonetti. A voice vote was taken and the AMENDMENT PASSED 8-0.

A voice vote was taken and the MOTION PASSED AS AMENDED 8-0.

10.6 Housatonic Railroad Company, Inc. Utility License Agreement – Drainage Lines

Alderman Anglace MOVED to approve the Utility License Agreement by and between Housatonic Railroad Company, Inc., Maybrook Railroad Company and the City of Shelton and further authorize Mayor Mark A. Lauretti to execute any and all documents necessary to effectuate said agreement; and further,

MOVED to authorize the sum of up to $1,000 per year, which sum represents the license fee.

SECONDED by Alderman Papa. A voice vote was taken and the MOTION PASSED 8-0.

10.7 Appointments to the Charter Revision Committee

Alderman Anglace MOVED to appoint the following people to the Charter Revision Committee effective immediately:
Jack Bashar, Esq. (D) of 5 Balsam Circle  
Anthony Metz (D) of 30 Royal Court  
Frank Coyle (U) of 8 Hilltop Drive  
Steve Bellis (R) of 121 Lane Street  
Ken Nappi (R) of 43 Perch Road  
Patrick Lapera, Esq. (R) of 67 Rock Ridge Road  
Bronislaw Winnick, Esq. (R) of 19 Soundridge Road

SECONDED by Alderman Papa.

Alderman Finn stated, on behalf of the Chairman of my Town Committee I MOVE TO AMEND THE MOTION to include the following:

Dave Goiella (D)  
Wayne Bragg (D)  
Remy Cassetta (D)  
Faith Hack (D)  
Christopher Panek (CU)  

There was NO SECOND to the AMENDMENT.

A voice vote was taken and the MOTION PASSED 7 Yes, 1 No (Finn).

11 EXECUTIVE SESSION

At approximately 8:15 p.m., Alderman Papa MOVED to enter Executive Session to discuss the following items:

11.1 – Dirienzo Worker’s Compensation  
11.2 – CIRMA – Shelton High School

and invited Mayor Lauretti and Corporation Counsel Welch to remain in the Auditorium; SECONDED by Alderman Anglace. A voice vote was taken and the MOTION PASSED 8-0.

Return to Regular Session

At approximately 8:25 p.m., Alderman Anglace MOVED to return to regular session; SECONDED by Alderman Papa. A voice vote was taken and the MOTION PASSED 8-0.

Mayor Lauretti noted that no votes were taken in Executive Session.

11.1  Dirienzo – Worker’s Compensation
Alderman Anglace MOVED to approve the stipulation in the Workers Compensation matter of Joseph Dirienzo v. City of Shelton and Workers Compensation Trust dated December 28, 2011 as presented; SECONDED by Alderman Kudej. A voice vote was taken and the MOTION PASSED 8-0.

11.2 CIRMA - Shelton High School

Alderman Anglace MOVED to approve the submission to arbitration agreement by and between the City of Shelton and CIRMA as presented; SECONDED by Alderman Papa. A voice vote was taken and the MOTION PASSED 8-0.

ADJOURNMENT

Alderman Anglace MOVED to adjourn; SECONDED by Alderman Papa. A voice vote was taken and the MOTION PASSED 8-0.

The meeting adjourned at approximately 8:26 p.m.

Respectfully submitted,

Patricia M. Bruder, Clerk

Date Submitted: _____________________________

Board of Aldermen

DATE APPROVED: _______________BY: _________________________________________

Mark A. Lauretti
Mayor, City of Shelton