Call to Order / Pledge of Allegiance

Alderman Stanley Kudej, Chairman, called the meeting to order at 6 p.m. All those present rose and pledged allegiance to the flag.

Roll Call - Finance Committee

Alderman Stanley Kudej, Chairman, present  
Aldermanic President John F. Anglace, Jr. - present  
Alderman Diane M. Marangelo, present  
Alderman John Finn – present  
Alderman Nancy Minotti – present – 6:10

Public Session

Alderman Kudej asked if any member of the public wished to address the Finance Committee. Being none, he declared the Public Session closed.

Add-Ons

Alderman Anglace MOVED TO ADD THE FOLLOWING to the agenda:

15a - Procedure to Sell City Property  
15b - Request to Over-Expend the Heating Fuel Account  
Move Item 10 - Review of the RFPs for City Auditor to the end of the agenda

SECONDED by Alderman Kudej. A voice vote was taken and the MOTION PASSED 3-0.

1. Approval of Minutes

Alderman Anglace MOVED to recommend to the full Board to waive the reading and approve the minutes of the Finance Committee meeting of February 24, 2004; SECONDED by Alderman Kudej. A voice vote was taken and the MOTION PASSED 3-0.
2. **Refund of Taxes**

Alderman Anglace MOVED to recommend to the full Board that the report of the Tax Collector relative to the refund of taxes for a total amount of $37,276.50 be approved, and that the Finance Director be directed to make payments in accordance with the certified list received from the Tax Collector. Funds to come from the Tax Refunds account #001-6100-412-80.42; SECONDED by Alderman Kudej. A voice vote was taken and the MOTION PASSED 3-0.

3. **Suspense List**

Alderman Anglace MOVED to recommend to the full Board that the report of the Tax Collector relative to the Grand List, for a total of $48,908.35, be transferred from the Grand Lists into suspense, per State Statute Sec. 12-165:

- 1997 - $457.68
- 1998 - $1,113.82
- 1999 - $2,762.56
- 2000 - $10,724.51
- 2001 - $33,849.78

and that a full copy of the suspense list is here, if any member of the Board wishes to review it, it will be kept with the Clerk of the Board; SECONDED by Alderman Kudej. A voice vote was taken and the MOTION PASSED 3-0.

4. **Joe Knapik**

Alderman Anglace stated, this is an issue that has to do with a post-dated check. I spoke to Mr. Knapik, he knows we’re going to take this up. Alderman Anglace read an explanation into the record, as follows:

> It has long been the practice of the City not to accept post-dated checks for the following reasons:

> The City makes daily deposits. Such checks are not knowingly deposited on the day received because there are too many things that can go wrong, resulting in additional work for the Tax Collector’s Office and an unpaid tax bill for the Taxpayer.

> If a post-dated check is unknowingly received by the City, and included in the daily deposit, even though initially accepted by the banking institution, a couple of things are possible.
1) Such check could make it through the check-clearing system, and if sufficient funds are available in the account, the City will receive payment. Even though it’s post dated, it gets through – it’s possible.

2) The bank check processing equipment will not detect a post-dated check. It could go through the system, and be rejected for insufficient funds by the paying institution, resulting in a service charge and follow up work by the City.

3) Some post-dated checks are time sensitive – that is, the money in the account will not be available until after a certain date, and the paying institution rejects them.

All this results in additional work for the City. If the City were to accept post-dated checks, the City would have to manage that check to insure its deposit on the date of the check. The Tax Collector’s Office could not accommodate this process if every taxpayer chooses to pay his or her taxes in this manner. This results in additional work for the City. The City does not wish to become a holding agent for taxpayers’ post-dated checks.

A taxpayer has asked that this practice be reviewed. His reasons for requesting the City to change its practice is so that his funds will not leave his account until the last possible day of the billing cycle. He finds that he can deliver the check for his taxes prior to the last day, but does not want the funds to leave his account until the last day. While this is a commendable personal money management plan, it is inconsistent with the tax collection process and procedures. The taxpayer in question indicates that one of the local banks told him that it was possible for the City to accept post-dated checks, and to deposit them on the day they were received. While this is correct, City tax collection experience suggests that this is a risky process that places an unnecessary burden on the tax collecting system where many payments are made in a short period of time, and also places the taxpayer’s tax payment in jeopardy if the check should not clear.

The Finance Committee asked the Tax Collector to provide us with a statement explaining her position on this issue. A memo dated February 5, 2004 was received from the Tax Collector – it is attached – wherein she indicates that the post-dated checks are not negotiable prior to the date written on it. She also checked with Wachovia Bank, who verified that they couldn’t knowingly accept a post-dated check.
Further, we asked for, and the Tax Collector provided us with, a memo from the Wachovia Bank that explains “once a check is presented for payment, Wachovia processes the check regardless of the date put on it.” The check then makes its way through the bank clearing system with payment of funds either made or rejected. The Tax Collector indicated that a check that fails to clear because of post-dating is considered a “bad check,” subject to further legal review and additional collection of the fee charge and possible resulting interest to the taxpayer.

Corporation Counsel was asked to review this memo and to add any legal comments. He sent us a memo dated February 5, 2004 to Debbie Onderko, where she quotes him and says that, “I checked with Attorney Tom Welch and I was told that it was logical and reasonable to not accept a post-dated check. Consequently, the results of this review led me to reinforce our past practice not to accept a post-dated check.”

Alderman Anglance continued, now, the next part, the City tax collection office is responsible for collecting, recording, and depositing tax collection funds. There are thousands of taxpayers in the City; the process must be conducted over a short time frame and in accordance with the law, and managed utilizing the most efficient procedures possible. Such procedures are in place and yielding satisfactory results. The Tax Collector’s Office cannot accept responsibility and subsequent management of post-dated checks without adding significant burden to the process. One only has to imagine the upheaval if every taxpayer chose to present post-dated checks. There are multiple tax collection facilities and procedures available to taxpayers who wish to pay at the last moment. When a taxpayer delivers a check in payment of taxes, they do not want to later hear that they are deficient. Post-dated checks place one more burden in the way of taxpayer peace of mind. Consequently, it is the recommendation of the Finance Committee that the process of not accepting post-dated checks be endorsed and continued by the Tax Collector.

Alderman Anglance read all of this to Mr. Knapik and advised him that this would be the recommendation.

Alderman Kudej asked, he is satisfied with that?

Alderman Anglance replied, I don’t know if he’s satisfied with it, but he raised an issue and I told him, from my perspective, I had no problem with him raising the issue. I think we did a very detailed, over a couple of months, study of this thing, and I think that it’s the only way to go – to endorse the procedure that is in place. I can’t see a reason for recommending the change.
Alderman Anglace MOVED to recommend to the full Board to endorse the practice of the Tax Collector not to accept post-dated checks; SECONDED by Alderman Kudej. A voice vote was taken and the MOTION PASSED 3-0.

5. Valley Council of Governments

Alderman Anglace MOVED to recommend to the full Board that $5,064 be transferred from Contingency General Account #001-9900-900.99-00 to Valley Regional Planning Agency, Account #001-6500-414.79-13. This amount will cover the balance of funds required for the City’s participation in the Valley Council of Governments, and for the Brownfield’s Administrative Dues; SECONDED by Alderman Kudej.

Alderman Anglace explained that this is the analysis of the account. They were originally allocated $13,780. The first half dues were paid of $7,463. The balance in the account at that point was $6,317. Then the Aldermen approved “Cost of Signalization” in conjunction with the other towns, for $3,918.34, which came out of this account. The balance in the account as of March 16 is $2,398.66. The second half dues of $7,463 are due and payable – past due in fact. So the amount needed and the amount in the motion is $5,064.

A voice vote was taken and the MOTION PASSED 3-0.

6. Plan Update Advisory Committee

Alderman Anglace MOVED to recommend to the full Board to transfer $10,000 for Consultant Services by the Plan Update Committee from Contingency General Account #001-9900-900.99-00 to a new line account to be set up by the Finance Department called Plan Update Consultant Services; SECONDED by Alderman Marangelo.

Alderman Anglace stated, what we’re talking about when we say Plan Update, we’re talking about the 1992 Comprehensive Plan of Development.

A voice vote was taken and the MOTION PASSED 3-0.
7. **Funding for Clerical Services for Plan Update Advisory Committee**

Alderman Anglace MOVED to recommend to the full Board that $1,000 be transferred from the Contingency General Account 001-9900-900.99-00 to a new line item account to be set up by the Finance Director for clerical services in conjunction with the 1992 Comprehensive Plan of Development Update; SECONDED by Alderman Kudej.

Alderman Anglace explained, they had asked for $1,600. When they ask, they just threw a number out. We refined the number a little bit with them. They understand that they can get through the rest of the year.

A voice vote was taken and the MOTION PASSED 3-0.

8. **Contingency Transfer – Registrar of Voters**

Alderman Anglace MOVED to recommend to the full Board, per the recommendation of the Board of Apportionment and Taxation, to transfer $11,000 from Contingency General Account #001-9900-900.99-00 to Registrar of Voters Regular Payroll Account #001-0500-413.10-01; SECONDED by Alderman Marangelo.

Alderman Anglace explained that this covers the Board of A & T’s transfer – the $11,000 from Payroll into Poll Workers account – so that they could get by the March 2nd primary. They’ve got a referendum coming up in April, but this only covers the March 2nd primary. They’ll be back asking us for $26,000 to cover the April referendum. I think they’re going to A & T first, before they come to us. All we’re acting on is to take the $11,000 from Contingency and put it back into their Regular Payroll.

A voice vote was taken and the MOTION PASSED 3-0.

9. **Additional Funding – Planning & Zoning Professional Services**

Alderman Anglace MOVED to recommend to the full Board, per the recommendation of the Board of A & T, to transfer $15,000 from Contingency General Account 001-9900-900.99-00 to Planning and Zoning Professional Services Account 001-0900-414.30-01; SECONDED by Alderman Marangelo. A voice vote was taken and the MOTION PASSED 3-0.
10. Review Bids for City Auditor

Alderman Anglace stated, this has been moved to the end of the agenda. The Board of A & T Finance Committee will open the bids at 6:30. When they’ve been opened they’ll bring them in to us. We’ll recess and take it up.

11. 2004 LOCIP Allocation

Alderman Anglace stated, for your information, the LOCIP amount is $264,000 that came in and is available for 2004. A breakout of the LOCIP account is here and should be included in our packets.

12. Lease Extension

Alderman Anglace MOVED to recommend to the full Board of Aldermen to extend the lease for the residential property at 58 Perry Hill Road for tenants Dorothy Burritt, Catherine Crowther and Robert F. Burritt with the following changes:

2. Term The term of the lease will be for a period of (1) one year commencing on March 1, 2004 and terminating on February 28, 2005.

3. Rent You agree to pay us total rent of eleven thousand five hundred thirty two and no/100ths dollars ($11,532.00) as follows:

   (A) You agree to pay nine hundred sixty one and no/100ths ($961) per month on the first day of each and every month beginning with the first day of March 2004 and ending on the first day of February 2005.

4. Utilities You will pay all charges for any and all utilities, including but not limited to the following utility services: telephone, cable tv, electricity, gas, water, hot water, heat and refuse removal during the term of this lease. If the City of Shelton enters into a lease agreement for the second apartment in the building, you will pay the cost of utilities directly to the city, which will be based upon the average cost for each of the preceding nine months of charges for electricity, gas and water. The average cost for each of these utilities will be added to the monthly rental charge. If the city determines that your utility costs exceed the average, the city shall bill you for the difference which payment shall be due within 15 days of receipt.

All other terms and conditions remain unchanged.
SECONDED by Alderman Marangelo. A voice vote was taken and the MOTION PASSED 3-0.

13. Indian Wells Overlook - Survey

Alderman Anglance MOVED to recommend to the full Board to authorize Mayor Mark A. Lauretti to obtain a survey for the parcel of land known as Indian Wells Overlook to satisfy requirements of the State Department of Environmental Protection for reimbursement. Funding to come from Open Space account #001-6100-414.80-58; SECONDED by Alderman Marangelo.

Alderman Anglance stated, you’ve got to understand, there is no money here. I don’t know how much money this is going to cost. I feel uncomfortable about making a motion like that, but I’ll make it in the interest of moving it along. Perhaps between now and the full Board meeting, we’ll know the price.

Alderman Finn asked, what is the name of the firm that is doing the survey?

Alderman Anglance replied, I don’t know.

Alderman Finn asked, can we find out before the full Board of Aldermen meeting as to what company we’re doing business with?

Alderman Anglance stated, yes. If you don’t know how much they’re talking about, if you don’t know the number, is the survey $200 or is it $12,000? - the bidding process changes.

Alderman Finn stated, can’t the agreement be drafted up prior to the start of the surveying, so we have an exact figure as to what it would cost the City? Is it possible to have an agreement prior to that so we know what the exact amount will be?

Alderman Anglance stated, that is why I brought it up this way, because we don’t want to take this to the full Board – nobody in their right mind is going to approve something - approval of the motion is contingent upon having the data requested prior to the full Board meeting.

A voice vote was taken and the MOTION PASSED 3-0.
14. Consideration of Veteran's Exemption

Alderman Anglace stated, this is the gentleman who lives in Milford, we were hoping that he would come and address us. His name is William Spencer. The details are that the DD214 – the discharge certificate - has to be filed by state law with the Assessor prior to October 1st. If it isn't filed by October 1st, there is no way that the Assessor can give the person credit for that Veteran’s exemption. The Board of Aldermen, under state statute, does not have the authority to waive that. I recommend that we take this and permanently table it unless the gentleman contacts us and asks to come and wants to be heard. This is about the third or fourth time we've tried to deal with it, and we're getting nowhere.

Alderman Marangelo stated, even if he comes to see us we still don't have the right to do anything about it.

Alderman Anglace stated, if he came to see us, the only thing we can do is explain it to him.

Alderman Anglace MOVED to TABLE Item 14 – Consideration of Veteran’s Exemption; SECONDED by Alderman Kudej. A voice vote was taken and the MOTION PASSED 3-0.

15. Procedure for Purchasing at Auction

Minutes from February 14th Finance Meeting
*Note: Kevin Maloney of CCM was to discuss this at the presentation to the BOA at the March 10th Full Board Meeting.

7. Establishment of Procedure for Purchase of Equipment at Auction

Alderman Anglace asked Mr. Duggan, what are your recommendations?

Purchasing Agent Ed Duggan stated, if we have to go this route we have to realize it's pure competition, but it's also the easiest to reach by way of collusion. I think we have to be very careful in our approach to purchasing anything of significant value at auction. If we have to do it, we have to come up with a plan. We have to come up with questions like, "what is the appraised value of the equipment and/or value that we desire, and what is the condition."

It is my understanding that the Public Works Director and Superintendent of Highways and Bridges think that we can go to auction and get some used equipment that will be fine for their purposes, they can maintain it, and we can save a lot of money doing it. We are willing to entertain the idea. We asked you to be here tonight so that we could get started with the thought process, because we feel, like you do, that it should be carefully done.
Mr. Duggan stated, the approval would have to be made by the Board of Aldermen on a case by case basis.

You couldn’t discuss openly, for example, “yeah, we have examined the equipment list and we find items that are available that fit our needs and we recommend a price structure of ___ ….” We can’t do that at a public forum, then all the other bidders and the sellers will know exactly what your position is. I think the best approach would be to involve the purchasing agent and the subject matter expert.

Alderman Anglace asked, do we know of any other municipalities that do this?

Mr. Duggan replied, no; the federal government does not do this.

Alderman Finn asked, if no other municipalities go this route, then why does the City of Shelton wish to explore it?

Alderman Anglace replied, it appears that the Superintendent of Highways and Bridges and the Parks & Rec Department and those guys feel they can get some equipment – such as the used trucks that they bought – and they feel that at auction they can save the City a lot of money.

Alderman Marangelo stated, the person going to the auction would have to be authorized to be able to spend between ‘x’ and ‘x’ amount of dollars. They’d have to know what to look for, and it would have to be really structured.

Mr. Duggan stated, you’d also have to have somebody there that is willing and able to sign the check for the equipment.

Alderman Anglace stated, you’re talking some pretty heavy equipment with some pretty big numbers. They feel that they don’t need a new piece of equipment – they can do it with a used piece of equipment. Generally when they put them on auction they’re refurbished and in pretty good shape.

Alderman Finn asked, how does that come in line with the bidding process – we say there’s a cap of $5,000 and after that it has to go out to bid, and then you go to auction, and buy a piece of equipment for, say, $60,000. We’ll have a conflict between the Charter and what we’re doing.

Alderman Anglace stated, that’s why we’re talking about it, because it’s not a simple thing. If we’re going to do it, we have to have some understanding. We just don’t know where to begin. We’ll check with the Connecticut Conference of Municipalities and see if anybody there is involved and we’ll do some research on that. There are some things, like, if you go to an auction, you’d better have a certified check with you. You don’t know what that number is going to be, so I guess you could give some authorization up to a certain amount of money.

Alderman Finn asked, who will give the authorization? Is the person bonded to carry a City check?

Alderman Anglace stated, if you’re going to enter into an auction, you’d have to, prior to going, waive bids, because you don’t know what you’re going to run into until you get there. You have to understand it and have to grant the people going the empowerment to cast a bid up to so much money.

Alderman Finn stated, it should be a separate line item account as well.

Mr. Duggan stated, if you want to do this, what you’ll need is — the Charter does address the fact that the Board of Aldermen can set up their own bidding procedures if they feel like it. You have to empower specific individuals to act as agents for the City, for the specific purposes of buying whatever we want, and assign parameters to that individual.

Alderman Finn stated, that should be part of the Charter, under bidding.
Mr. Duggan stated, it’s almost impossible to try and cover, in a Charter, every possible contingency of how to do business. I don’t know how to do it. The federal government had tried to do that and they have volumes and volumes and volumes of regulations. I don’t think we want to, or need to do that.

Alderman Anglace stated, we will all give this some thought. I have my reservations. We are not going to resolve it tonight.

Mr. Duggan stated, it would be very difficult to preserve the public trust in the purchasing process in an auction environment.

No action.

[NOTE: SEE FURTHER DISCUSSION BELOW]

Mayor Lauretti asked, what was done about Item 7?

Alderman Anglace stated, we identified a few things that have to be done, but Mr. Duggan had no written suggestions for us.

We talked to the fact that it’s a difficult process and you have to know how much you can bid on various items in advance, you have to waive bids, you have to go with a certified check. There has to be a process in place that authorizes what to spend. Other than that, we have nothing in writing so we have nothing.

We said we’d check with the Connecticut Conference of Municipalities and see what they recommend. Ed knew of no municipalities that do it - or the federal government.

Mayor Lauretti stated, that doesn’t make it wrong, in my opinion. It’s really about money right now. I thought it was a good idea – I want to put it on the table for some discussion. We are in need of some equipment and there is a lot of very good equipment that winds up in an auction for any number of reasons – most of which are financial. If someone buys a new truck and in two years they can’t make the payments on it, they lose it, and it winds up in an auction. Things of that nature – and we have a need.

Alderman Kudej stated, there are some good points to that, but to hand somebody a blank check and say “go bid” without any strings?

Mayor Lauretti stated, I guess you have to decide for yourself if you think it makes sense to put the trust in someone to do the right thing. For me, it’s about saving money - strictly – and I think there are big savings to be had.

Alderman Anglace stated, the Aldermen can set up procedures to do it. I don’t think we’re ready to do that tonight. I called him and asked him to put something together in writing for us and talk about it tonight. He had nothing in writing.

Alderman Anglace stated, I drafted up something to work with. I don’t recommend this as being the final – it’s simply a draft to get started. If you want to go to auction, these are the things that you have to cover. This is based on discussions that we had at the full Board meeting, and we had prior discussions at Finance Committee. I read everything, excerpted comments that different people made, so you might recognize some of these things as being your own comments. I don’t claim authorship of this – it’s just a compilation of what has been said to date.
1. **Determine the book value of the desired equipment in advance of the auction.**

If you’re going after a 23 horsepower heavy duty backhoe, then somebody better determine the book value in advance of going there so you’ve got an idea of what this thing that we’re getting – what is the market.

2. **The Board of Aldermen has to authorize a “Bid Not to Exceed” price.**

The Board of Aldermen has to say, we will authorize you to go to bid on this thing, but your bid cannot exceed ‘x’ amount of dollars. Place a limit on it.

3. **The Board of Aldermen would have to waive bidding and authorize auction bidding on specific type of equipment sought.**

They couldn’t go there and say, ‘hey there’s a nice piece of equipment over there – let’s bid on that one.’ They’ve got to tell us in advance, we authorize the bidding, we waive the bids, and say, ‘go ahead, but you have to go for that podium. You can’t take a podium that hangs from the ceiling, you have to get that floor podium.’

4. **The Board of Aldermen has to designate a person or persons who have authority to act on behalf of the City as our “Agent.”**

Suppose they’re bidding on a piece of heavy equipment, we may choose Bill Mooney. He’s our choice and he’s our agent – he has the authority to do the bidding on that item. It has to be somebody that is familiar with the equipment.

5. **The designated “Agent” will make a pre-auction inspection of the equipment.**

He has to go there before the auction and look at it.

6. **The “Agent” would have to be bonded.**

7. **Auctions usually require a cashier’s check or certified check. We might be pre-approved to bid without it if we apply in advance.**
8. The “Agent” would be limited to bid only on pre-approved type equipment with a maximum bid price established by consensus of the Board of Aldermen.

That’s a start. I don’t have any more. Give it some thought. We should try to get it out and get some thoughts on it – get it to the Board of A & T for their comment, and see if we can move it along.

15a. Procedure to Sell City Property

Alderman Anglace stated, I received a letter from George A. Sender, who lives on Perry Hill Road. I’ll read it into the record:

I am the owner of some property on Tuxedo Avenue in Shelton, reference Assessor’s Map 93-b. The City of Shelton became the owner of several lots on either side of my property through tax foreclosure in 1961. The land is beyond the cul-de-sac and needs road improvement and extension. I am interested in purchasing one or more parcels of this property to develop. This will put the parcels back on the City’s tax rolls. I have attached a copy of the tax map and have highlighted the properties in question. I am the owner of lots 26 and 78 on Map 93-b. I’m interested in 93-b-25, since it is abutting my property to the north. Lot 93-b-27 is very rough terrain and hardly developable, but could be added to my lot 26 to provide a larger lot. I am willing to extend Tuxedo Avenue on the cul-de-sac at my expense. I’m interested in purchasing these two lots. Please contact me...

Alderman Anglace continued, I wrote up – the City has to have in place a procedure to follow when we are asked to sell City property. I took a shot at drafting a procedure, which I’ll turn in and which will be distributed to everybody. We are talking about lots – property of significant size. This does not apply to a little strip of land; it applies only to significant pieces of property – a lot or something like that.

Alderman Olin arrives at this point, 6:25 p.m.
Alderman Papa arrives at this point, 6:30 p.m.

A request is first received – like this letter – asking us to sell a lot or property. We should first send it to Conservation and Open Space for an opinion, asking them, ‘does the property have value to the City as open space?’ If they say ‘yes,’ maybe we should go no further. If they say ‘no,’ then we send it to Planning and Zoning for an 8-24 Referral. If the 8-24 comes back favorable to
sell, we proceed with the process. If it is not favorable, the Board must override the unfavorable by a 2/3 vote in order to proceed.

If the 8-24 happens to be favorable, or if the not favorable is overridden, the Board of Aldermen then proceeds to have the land appraised. Upon receiving the appraisal, the City would advertise that it is accepting bids no lower than the appraisal price, or another price agreed to by the Board of Aldermen, with a cutoff date to receive bids. All bids must be accompanied with a cashier’s check in the amount equal to 10 percent of the purchase price. The Finance Committee of the Board of A & T would open the bids with the purchasing agent and determine who is the highest responsible bidder. The Board of Aldermen approves the price and authorizes the sale. A contract to sell is made up by Corporation Counsel and signed by the Mayor. Proceeds from the sale go into the General Fund.

That is something, that every time we’re asked to sell a piece of property, I think there are some things in here – some principles – that we have to follow. One of them is, you just can’t say, ‘well, you’re a good friend of mine – we’ll sell it to you.’ Or ‘this guy, he asked, so we’ll sell it to him.

Alderman Finn stated, if you advertise it in the newspaper it gives everybody the opportunity.

Alderman Anglake stated, I’d like to have this distributed to all of the Aldermen so that everybody could look at it. If the Finance Committee wants to add anything to this – suggestions – make sure everybody gets it and it will be a working document, a draft to start. Send it to the Mayor, the Corporation Counsel, and anybody with an interest.

15b. Request to Over-Expend the Heating Fuel Account

Alderman Anglake stated, as Mr. Sewack pointed out, we need to do two things. The heating fuel account #001-4800-716.40-16 is currently $29,695 over expended.

Alderman Anglake MOVED to recommend to the full Board to transfer $15,000 from 001-9900-900.99-02 Contingency - Fuel/Utilities to Maintenance - Heating Fuel 001-4800-716.40-16; and FURTHER, MOVED to authorize the over-expenditure of the Maintenance – Heating Fuel account for the balance of the fiscal year; SECONDED by Alderman Marangelo. A voice vote was taken and the MOTION PASSED 3-0.
Executive Session

Counsel is not here.

16. Condemnation

This item was withdrawn for this meeting.

17. Pinnacle Towers

Alderman Anglace stated, this is the tower in Trumbull, it overlooks Shelton. The Police Department has had something on that tower for three years. The Police Department has written us a letter saying that they wish to continue and renew the contract. The lease renewal says a five year lease extension, requires a five percent increase in the rental fee each year. Deputy Chief Hurliman says, 'I would suggest attempting to negotiate a one-year lease with options, rather than a five year lease. I think the two are one and the same. My reading of the lease led me to believe it was one year, renewable. The five percent is the increase for the first three years, so that is consistent. We would increase the cost every time we renew the lease. I have a schedule of the costs. We are currently paying $4,895. You go the full five years and will be paying $6,247 a year, which is not astronomical. The question is, what is the Fire Department doing? Is anybody coordinating; don’t they have the same kind of needs?

Alderman Anglace asked Trish Regan, the Board Clerk, if she knew anything about it, as she is the secretary to the Chief of Police and the Deputy Chief as well, and may have some knowledge of it. She explained that the Police and Fire radios are on different frequencies, and did not know if the Fire Department uses the tower as well. The Police Department is in the midst of a radio system survey being completed by Oliver Associates, and certain recommendations have been made. Use of that tower may not be required for the full five years.

Alderman Anglace stated, they want us to renew for one year at a time. It states, “the term of the lease is extended for five additional 12-month periods, unless sooner terminated, as provided in the lease.” This is an amendment to the lease. This has to go to counsel before we attempt to deal with this.

Alderman Anglace MOVED to TABLE Item 17 – Pinnacle Towers and refer it to Corporation Counsel Welch for review; SECONDED by Alderman Kudej. A voice vote was taken and the MOTION PASSED 3-0.
Report of the Chairman

Alderman Anglace stated, Special Revenue Accounts – that should be given to the Clerk and distributed to all of the Aldermen. The fact is that we received the list of Special Revenue – we asked for it, we get it once a year – look it over, go through it. There is one thing I’ll point out to you and that is that the very first account, Community Development, shows it’s $55,000 in arrears, but it’s not. The Community Development account and the Small Cities, #232, the Small Cities Grant go together. If you look at the two, one is under $55,000 and the other is over $76,000, so they balance out and you’ve got a positive number there.

The Fire Vehicle Replacement Fund – we’ve taken money out of there, that account is $19,000 short.

Public Works Vehicles - $518 short.

Local Law Enforcement Block Grant - $2,560 short.

I don’t have explanations for these at this point, but I’m just observing.

The CRRA Consent Order – I can explain that one. See the $35,202 – the second one from the bottom? That is the money that CRRA has authorized us to spend ‘x’ amount of dollars – we can spend it for the specific things they approved it for. This was spent on the fire truck for Pine Rock Park. That shows as a negative. We have to submit the paperwork and they will reimburse us. That is how they’re going to do it, they’ll reimburse us the money.

Everybody should get a copy of this, and if there are questions, we can look into them.

Recess

At approximately 6:45 p.m., Alderman Anglace MOVED to RECESS until the bid report is received from the Board of A & T regarding the RFP for City Auditor; SECONDED by Alderman Marangelo. A voice vote was taken and the MOTION PASSED 3-0.

TAPE ONE, SIDE TWO is the Special Meeting of the Board of Aldermen that commenced at this point, and adjourned at 7:45 p.m.
At approximately 7:45 p.m., Alderman Anglace called the meeting of the Finance Committee to order.

10. Review Bids for City Auditor

Finance Director Louis Marusic distributed the bid opening results to the Board members for review.

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seward &amp; Monde</td>
<td>$43,000</td>
<td>$44,300</td>
<td>$45,600</td>
<td>$47,000</td>
<td>$48,400</td>
</tr>
<tr>
<td>McGladrey &amp; Pullen</td>
<td>$46,000</td>
<td>$48,000</td>
<td>$50,500</td>
<td>$53,000</td>
<td>$56,000</td>
</tr>
<tr>
<td>Scully &amp; Wolf</td>
<td>$45,300</td>
<td>$46,200</td>
<td>$47,100</td>
<td>$48,000</td>
<td>$49,000</td>
</tr>
<tr>
<td>Carlin, Charron &amp; Rosen, LLP</td>
<td>$36,000</td>
<td>$38,000</td>
<td>$40,000</td>
<td>$42,000</td>
<td>$44,000</td>
</tr>
<tr>
<td>Francis H. Michaud Jr.</td>
<td>$44,500</td>
<td>$46,300</td>
<td>$47,700</td>
<td>To be negotiated</td>
<td></td>
</tr>
</tbody>
</table>

Mr. Marusic explained that the problem with Seward & Monde is that we asked if they have had experience in auditing two municipalities with populations of 36,000 or more. They don’t. They didn’t meet that qualification.

McGladrey & Pullen, a very reputable firm – the highest bidder of $253,500.

Scully & Wolf, Glastonbury, Connecticut. This has been the City auditors, they have done a fantastic job for us at a reasonable price. They came in at $235,700.
Carlin, Charron & Rosen, LLP, Glastonbury, Connecticut. They came in at the low proposal of $200,000. The big hang up with this firm is that, for both clients, we have this ordinance that requires our audit to be out on October 31st, it’s not Charter - it’s just an Ordinance – you probably ought to review that for reasonableness. They had the two clients that they submitted, they were required to give us two audit reports for their clients. Both were submitted after December 31st of the year – they had to go for an extension from the State. I think they went into February. That wouldn’t do it here. You don’t want to go through that. We’ve had a problem in the past.

The next one did not give us, we asked for five years, gave us only three years and said the fourth and fifth year would be negotiable. The two audits that they did do for the City of Ansonia and Derby – they were both put out in December – mid-December and the end of December. That tells me it would be a problem in terms of their ability to even come close to October 31st. We’ve had them in the past and they were good at doing it, but as the City grew, my own opinion is, they missed one particular year and came in three or four weeks after that, which was a surprise to me, but it kind of led me to believe that the reason was the City was growing and we had more accounts and he couldn’t keep up with it. Based upon the fact that they’re in December, they did not agree to do it by October 31st, they only came in with three fixed amounts while we wanted five, I would say that I would not be interested in recommending them to the City.

That would lead you, I guess, back to Scully and Wolf as the one that would best serve the interests of the City. One of the things that they have done for us, Trumbull has had them as an auditing firm and when they found out that this is all that Scully & Wolf was charging the City, they were amazed, because what they had done, they had charged Trumbull an additional $10,000 over the fixed fee for the audit. That was in the paper. I feel very comfortable with Scully and Wolf. I would like to have the continuity with Scully and Wolf because they’ve done so good for us with the conversion to GASBEE 34. They’ve done a lot of work for us. They assist us in typing – we’re limited in staff. They really went the extra nine yards for us. My recommendation, and it’s your decision, it’s not my decision at all, I would recommend Scully and Wolf of Glastonbury, Connecticut. They’ve given us five figures here for a five year fee of $235,700. You’re not committed should you decide not to go with this firm. They can audit you for a year, should you decide not to go with this firm, they can audit you for a year and you can say, “we don’t want you around any more,” and it’s your prerogative – you’re not tied into any particular firm. If you don’t like what you see for whatever reason, you can say, “hey guys,”

Alderman Kudej stated, you can terminate them at any time.
Alderman Finn asked, what cost would that be to the City, to terminate the contract?

Mr. Marusic replied, no cost. One of the firms indicated a penalty and this firm did not. They are very good – very upright, forthright. If you ever had a question, they would be glad to come and sit in on your Finance Committee meeting and answer any questions that you had. If you felt that was important to you, they would come in at your beck and call and answer your questions.

Alderman Anglace stated, I'll give you an observation. Scully and Wolf have been with us since June 30, 2000. Three contracts we've had with them, they've increased their price 1.4 percent, 1.2 percent, 1.1 percent. What they're proposing here is an increase from this year to next year – the first year of the new contract, 2 percent, then the following year 2.2 percent, and the following year 1.9 percent, 1.9 percent, and 2 percent. Those are pretty reasonable increases, given the state of the economy. What I agree with you in this respect – you're going through the new GASBEE regulations, the transition to the GASBEE format. There is a lot of history that had to be dug out. I would not like to see the reporting format changed, and I have not run into an auditing firm yet that doesn't change the format. I remember we had a difficult time adjusting from Michaud to Scully and Wolf. It took a couple of years before we got the knots worked out. This isn't that much different in terms of – Michaud, I wouldn't want to take a step backward. This other one, Carlin, the difference isn't that much and it's worth the peace of mind.

Mr. Marusic stated, the Carlin one, you've got to be careful, because they couldn't do it in six months – they went beyond the statutory limitation. They actually went into January and February of the following year. In other words, you would be getting an audit report at the time you're getting the Mayor's budget.

Because of their expertise, the fact that we have value added with this firm, and it's your choice and I'll live with whatever you want. There are two value added points for you. That was a $10,000 nut that they could have charged us, and they didn't do that – we had to get a little more efficient and they, basically, had to put more hours into it, and they did not charge us any more for that. That whole financial statement that you see – I don't type it – that thick book that with GASBEE 34 has your management analysis up front. They type it from scratch. You have all that in their machines – it's all standard – they don't have to reinvent the wheel – they're all ready to go for next year, because they have the formats. Those are your two value added items.
Alderman Anglace stated, the average person looking at this would say, okay, look at the money only. If you look at the money, $235,000 v $200,000, or each year, in the first year a difference of $36,000 v $45,300. Is it worth the difference to stay with the current provider?

Mr. Marusic stated, they were unable to meet the state’s statutory requirement – the filing of audit reports – which is December 31st of the calendar year. That is six months after – they couldn’t meet the six months that the state allows them to file a report with them and with the City – they couldn’t meet the October 31st – they went beyond the six months into January and February. You would be getting your audit report at the time the Mayor would be presenting the next year’s budget to you. They start out by saying that the State statutes allow them to file for an extension of time. Their letter is dated February 15 on one and January 15 on the other. That is an indication. Those are the two examples that they gave me. That is an indication that they have their hands full, with GASBEE 34 and with the number of clients that they have.

Alderman Anglace stated, I believe we have always wanted the audit to be released October 31st at the latest. I remember times when it wasn’t done, in all different administrations. I think that the public has the right to have that in a timely fashion, because they want to look and see what you’ve done with their money before they vote. I think they have a right to see that. That target date should be enforced.

Mr. Marusic stated, it’s a hand in glove operation. One can’t deviate too far from the other, or you’ll both get into a problem. All I can tell you is they are dedicated – they are very professional people. The big thing with auditors is, you want somebody that is going to audit the assets of the City of Shelton, and if there is any fraud going on or any corruption going on, you want them to be in the position, and have the qualifications to detect that and report it for action. That is the only reason I’m here, is to safeguard the assets for the City of Shelton.

We’re not through with GASBEE 34 – there is a Phase II that gets into the infrastructure. We’re going to have to get part-time people to come in and inventory roads, sidewalks, sewers, stuff that you can’t see that’s under the ground, put a value on them. That’s going to drive us crazy all summer long. For us to have to pick up with another firm at this point in time where they have a learning curve to go through would be miserable for us and miserable on the firm. For all of those reasons I think it’s in the City’s best interest to maintain these auditors who are very professional. They don’t pull any punches.
Alderman Anglance stated, you provide them with space and information and they do the audit.

Mr. Marusic stated, they do the audit but they even do more. They’re doing that whole comprehensive financial report – that whole report that is 60 to 70 hours alone. They’re really earning the money. I had somebody call today from some other town. They were shocked that this is all that they were charging us, including GASBEE 34. I just talked to someone today who wanted the Board of Ed audit done. They said, “does this include the Board of Ed?” I said yes. He said, “does this include GASBEE 34?” I said yes. He said, “will this include ED001 Report?” I said yes. He said, “you’re robbing them blind.” It’s unbelievable.

Alderman Anglance MOVED to recommend to the full Board that the firm of Scully & Wolf of Glastonbury, Connecticut be selected as the auditor for the City of Shelton and that the Corporation Counsel be empowered to come up with a contract and authorize the Mayor to sign at the cost that was provided to us by the Finance Director; SECONDED by Alderman Marangelo. A voice vote was taken and the MOTION PASSED 3-0.

The contract will be ready by April 30.

Adjournment

At approximately 8:10 p.m., Alderman Papa MOVED to adjourn; SECONDED by Alderman Lanzi. A voice vote was taken and the MOTION PASSED 3-0.

Respectfully submitted,

Patricia M. Regan
Clerk, Board of Aldermen