



Board of Aldermen
Shelton, Connecticut
FINANCE COMMITTEE – MAY 27, 2004

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 Nancy Minotti, present

Public Session

Alderman Kudej asked if any member of the public wished to address the Finance Committee.

*Judson Crawford, 8 Jordan Avenue
Member, Board of Apportionment and Taxation*

We are about to go into the last 30 days of the year. What I need is a request from this Board and the thought, will you be dipping into more than \$20,000 of the balance in contingency?

Alderman Anglace replied, by the very definition, the contingency fund is unanticipated, if something comes up, we don't know – we may or we may not - do you have something in mind?

Mr. Crawford replied, yes, we have a request from the Highways and Bridges Department that will be discussed on the table this evening for \$20,000.

Alderman Anglace asked, Highways & Bridges for \$20,000, to do what?

Mr. Crawford stated, that is supposed to go into Major Repairs.

Alderman Anglace stated, I can't give them an answer until we find out what it's all about. But to answer your question, we do have money in the Contingency.

Mr. Crawford stated, you have \$40,000 to \$45,000.

Alderman Anglace stated, somewhere between \$40,000 and \$50,000, but I didn't bring it with me.

Mr. Crawford stated, there will be a recommendation coming to the Board of Aldermen. Thank you.

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

Add-Ons and Amendment to Agenda

Alderman Anglace MOVED TO ADD THE FOLLOWING to the agenda:

8. Veterans Tax Exemption - discussion
9. Procedure for Purchase at Auction
10. Procedure for selling City Property
11. T Mobile Proposal for Huntington Fire Department
12. Boy and Fish Fountain – For Information Only

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

Alderman Anglace MOVED to amend the agenda and move Item 5 – Posted Bonds for Work Done to the top of the agenda for Mr. Duggan's participation in the discussion prior to the 6:30 p.m. A & T Finance Committee meeting; 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 April 22, 2004; SECONDED by Alderman Minotti. A voice vote was taken and the MOTION PASSED 3-0.

5. Posted Bonds for Work Done

Alderman Anglace noted that Administrative Assistant Sandra Nesteriak and Purchasing Agent Ed Duggan are present.

Alderman Anglace stated, our concern is that when the jobs of \$100,000 or less are contracted, we have a way of protecting the City's interest.

Mr. Duggan stated, I would like to urge caution regarding requiring bonding for small jobs. Reason for that is the very, very stringent requirements for bonding. Many, many small firms would not be able to meet the three year audited financials, etc. requirement to obtain a bond on the open market.

Bonding for small jobs would put us in the position that small contractors would not be able to participate in the competitive process for small dollar jobs. The examples cited, we did get stung once here three years ago regarding Marino Brothers of New England on a seal of pavement cracks in various roads in the City.

On this particular job, everything that could have gone wrong did go wrong. The firm didn't have a State contract in place. They did not have insurance. The damages incurred by the City would have been covered if they had general liability insurance in place. That had expired along with their State contract.

What happened is the Department Head that engaged this firm was deceived into thinking that the firm had a State contract and really they did not. So the work was completed and in order to effect payment of their invoice, a purchase order was issued, which I signed off on merely to effect payment. We weren't told of a problem with this job until a full year later. Had we known that there was a problem, we would have stopped payment on the process.

So yes, there is a requirement for bonds for high dollar value work. There is also a common sense requirement for bonding high risk activity such as demolition projects. All demolition projects – if we're taking down a house on Blacks Hill Road, that job gets bonded, because it is high risk. All kinds of problems could occur. I would urge restraint in requiring bonds for small dollar jobs. Thank you.

Alderman Anglace stated, you're saying is that if we ask small contractors to post a bond, that will effectively take them out of the running and they won't be able to participate. Is that what you said?

Mr. Duggan replied, not 100 percent, but it will attenuate the ability of a small contractor base to participate in the bidding process. The Dean Cawthra's of this world would not be able to get a bond, for example. Small contractors are not bondable. Instead of paying \$3,500 to get the rec center at White Hills painted, we would have paid \$15,000 or \$20,000 because we would have had to go with a large union type paying organization. You can't bond all jobs. High risk. Even with 20/20 hindsight, had everything been in place, if we were confronted with a job that involved sealing the cracks in the pavement, I would not have considered this a high risk activity. In this particular instance the contractor put down the sealant, it immediately started to rain, and it washed some of the emulsion into the storm drains. This would have been a slam dunk for general liability insurance had this contractor possessed it.

Alderman Anglace asked, what does a performance bond do for us?

Mr. Duggan replied, a performance bond assures completion of the work. Payment bond assures that material men, subcontractors and laborers will get paid.

Alderman Anglace asked, is the bond generally equal to the price of the job, or can it exceed the price of the job?

Mr. Duggan replied, 100 percent penal sum in the amount of the job. If a \$10,000 contractor does \$100,000 worth of damage and is bonded, the surety obligation is \$10,000.

Alderman Anglace stated, if somebody comes in and does a job, and takes on a contract with the City, and does the job wrong, and we have to go back and correct it, and then do it over, if we stop payment it isn't going to cover the cost, is it?

Mr. Duggan stated, the amount of the bond would cover the sum of the work, it's a mirror image. If the bond is for \$10,000 it indicates that the job is for \$10,000. If we stop payment on \$10,000, that is in effect the same as the surety paying the \$10,000.

Alderman Anglace stated, so then from the City's perspective, we call the bond, finish the job as much as we can, and then if it costs more than the bond, then we have to sue them.

Mr. Duggan stated, if the completion of the work – we're talking a construction project now – if the completion of the work costs more than the penal sum of the bond, I believe that the surety is responsible for completion of the work up to that dollar amount, and no more.

Alderman Kudej stated, if this particular outfit had the liability insurance, we would still have been able to recoup with no problem. So what we should do is make sure they have liability insurance in place.

Mr. Duggan stated, the Purchasing Office usually does that. In this case, the contractor was hired by a Department Head and it didn't go through us – not until after the fact.

Administrative Assistant Sandra Nesteriak

I'm truly surprised there was no certificate of insurance on the other job. Be that as it may, we still are in litigation over the monies that the City had to pay out to correct the problem that Ed described.

The issue comes before us now – we're spending \$71,000 for, say, Constitution Park, from a very reputable, local vendor. There is nothing in the contract for contingency. The landscape architect who is overseeing the project will release funds as the work is completed in a series of payments.

What concerns me in this particular instance is the fact that we're dealing with trees and bushes and plants that could die. Now, the contract says that they're warranted for a year. But I'm concerned now that we have nothing to fall back on if they don't make it through the year. If they're warranted for a year and next spring the vendor is out of business, moved away, doesn't want to fulfill the obligation in the contract but has received payment for work done, we're up the creek. We have no recourse except a lawsuit. Again, litigation, which is time consuming and expensive.

The reason the issue is here before you from my part is to have the Board of Aldermen look at the situation and come up with a procedure that would protect the City. For example, I know the amount is a great deal more, but on the football field, if we didn't have a bond, we wouldn't have a football field. That's \$400,000 so it's considerably more. But the principle is the same.

I think I'm not saying that you need it on everything, I'm saying that the Board of Aldermen should consider a policy so that we'd know. I was told we don't get a bond on anything under \$100,000, yet building demolition

apparently has a bond because of the high risk factor. Well it should be, I think, more set in concrete, the parameters under which we'll operate should be spelled out, because the City could really have a problem if work isn't completed to our satisfaction or warranty isn't held to by the vendor, not to say that this particular vendor wouldn't, but we have nothing in our hands to prevent that. I assume we have an insurance certificate on this job, but even so, now we have to deal with an insurance company who may or may not feel that the vendor is liable. So that is just a for instance, and it's just something that I wanted to bring to the Board's attention so they could look at it and possibly develop under the Charter requirement a policy that could be used so it's consistent, it's in place. Whether it's we always get a certificate of insurance no matter what, whether it's, if there is some tangible, because to me, \$100,000 is a lot of money. For the City of Shelton's residents to be at risk to lose the money they might pay a vendor, maybe I'm being very parochial in coming from a small town, but to me \$100,000 is a lot of money and we have an obligation to protect our residents.

Mr. Duggan stated, in regard to insurance for contractors that perform on site, we do require that. I think it would be very difficult to, in effect, insure the life of various plantings as we go along on this project. The uniform commercial code is very clear on warranties. If there is an express warranty in the contract that requires these bushes to survive for a year, and in effect they don't, then I think litigation is the proper form for recovery. Thank you.

Alderman Anglace stated, we'll wait until we get the minutes, look at the comments and see what we can thrash out here. I appreciate you both coming.

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 \$5,578.98 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 Minotti. A voice vote was taken and the MOTION PASSED 3-0.

3. Neighborhood Assistance Tax Credit

Alderman Minotti MOVED to recommend to the full Board to approve the four proposals for the Neighborhood Assistance Tax Credit as submitted by the Community Development Director:

SEDC, \$25,000
ACT, \$3,000
Boys & Girls Club of the Lower Naugatuck Valley, \$50,000
Housatonic Council, Boy Scouts of America, \$84,000

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

4. *DUI Enforcement Vehicle Grant Program*

Alderman Minotti MOVED to recommend to the full Board to approve the appropriation of \$7,821 from the fiscal year 2004-2005 City Vehicle Replacement Account# 001-6300-991.60-19 as matching funds for the federal DUI Enforcement Vehicle Grant Program.

Please note that the funding period is from April 5, 2004 through September 30, 2004. Pursuant to the letter of award, "all final claims against this project together with all supporting financial documentation must be submitted to the Connecticut Division of Highway Safety no later than forty-five (45) days after the funding period ending date.

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

6. *Broker of Record*

Alderman Minotti MOVED to recommend to the full Board to approve the contract effective July 1, 2004 between the City of Shelton and the Miller Agency and authorize Mayor Mark A. Lauretti to execute said contract SECONDED by Alderman Anglace.

Alderman Anglace stated, I don't know the number of years the Miller Agency has been broker of record, but I think they started many, many years ago. They have served us well. They have been excellent advisors and for years the fee was very reasonable and it continues to be very reasonable. This particular contract will average an increase of 3.68 percent over the five-year life of the contract; that is per year. That seems pretty reasonable for the service they provide. A voice vote was taken and the MOTION PASSED 3-0.

7. *Vehicle Tax Exemption – Disabled Residents*

Alderman Anglace stated, this is an e-mail that was received from a disabled resident. He says,

"I've been a resident of Shelton for the past 50 years, I am disabled, and in order to have transportation, I drive a vehicle that is specially adapted to my physical needs. Recently I attended a tax seminar conducted by a former auditing supervisor for the State of Connecticut. He pointed out Section 12-81c of the Connecticut General Statutes that gives municipalities the option to exempt from personal property taxation any motor vehicle owned by a person with disability or the parent or guardian of such person, which vehicle is equipped for purposes of adapting its use to the disability of such person." He noted that the majority of municipalities in Connecticut provide this exemption. "However, I called the Shelton Tax Collector's office and was advised that the City of Shelton has not yet done so. Shelton should provide this special property tax exemption to its disabled residents. To do so would be a great help to those who are already required to purchase a special vehicle in order to have transportation for themselves or their children. Modifications and equipment for adapted vehicles can be extremely expensive and a great burden to most families. For instance, the modifications that were done to my van were priced at over \$30,000. In addition to the basic cost of this vehicle, I cannot imagine that this change would have a significant effect on the City's tax revenue. I am requesting that the City of Shelton modify its tax ordinances to incorporate the property tax exemption cited above, and would appreciate your attention to this matter. Please let me know if I can provide you with further information."

Alderman Anglace continued, Section 12-81c of the State Statutes says, "any motor vehicle owned by a person with disabilities or owned by the parent or guardian of such person, which vehicle is equipped for purposes of adapting its use to the disability of such person, provided the legislative body in the municipality adopts a definition of such vehicle, the legislative body may, by ordinance, exempt from personal property taxation any ambulance-type motor vehicle which is used exclusively for purpose of transporting medically incapacitated individual, except any such vehicle used to transport any such individual for profit; 2) any property owned by a non-profit ambulance company; and 3) any motor vehicle owned by the person."

I'm not sure of the definition part, and I'm not sure if they're talking about exempting from taxation the cost of modifications to the vehicle – adapting - as opposed to the cost of the vehicle plus the cost of the adaptation. They talk about veterans exemptions and service.

Alderman Finn stated, I believe this is something worthwhile for any community to look into and try and make it easier for those who are actually disabled, and do rely on vehicles of the nature that you're referring to with the wheelchair lifts.

I've called the Connecticut Motor Vehicle Department in Waterbury several weeks ago pertaining to the way they issue Handicap stickers. It is a concern of mine. I see a widespread misuse of those stickers, not in the intention that they're meant for. I have not received a phone call back from the legal department, and I was advised by somebody else I should contact Mr. Belden. The reason why I called is we have individuals where I work who use their spouses' stickers to park in the handicap parking. We also have individuals who have temporary handicap parking permits, who we actually see run to their cars in the evening – they beat us to their cars – and you start questioning how the Motor Vehicle Department goes about handing these out. But then, it has nothing to do with the matter in front of you tonight with the wheelchair lifts. That is an individual who actually does need the permit for the spot that originally was supposed to be reserved for them so they can have a place to park when they go shopping and go to church and so on and so forth. I'm going to be attending the independent counsel seminar in Stratford for the disabled on June 14 – if you wish, I would like to bring that information with me and present it to them and try to get some input back from them which might be helpful to the City of Shelton and your committee looking into it.

Alderman Kudej stated, sure, thank you.

Alderman Anglace stated, there are a couple of things we have to look at and find some answers to. What does the law allow you to exempt – the car plus the adaptations, or just the adaptations? Secondly, does the State reimburse us if we exempt this? Is it subsidized by the State? Those are the things we'll find out.

Alderman Kudej stated, the way I read this letter is, the lady is looking for exempting the vehicle tax – the City charges.

8. *Veterans Tax Exemption*

Alderman Olin arrived at this point - 6:35 p.m.

Alderman Anglace stated, this is Public Act 03-44 which came out last year. It was brought up at the last Board of Aldermen meeting during the public portion. We looked at this last year, and we'll look at it again. The Assessor told us last year this was not subsidized by the State – it's strictly on your own. It's for veterans and the income has gone up to something like \$56,000 married and \$51,000 single, which put a lot of people in the category. I got some information from Milford, who adopted it. The first year they put it in, it was \$150,000 that they had to make up, the next year it was \$750,000. A lot of people can qualify for this. We didn't pick it up and do it last year, because we're looking for, what we had said, during revaluation, our veterans took a hit. They went from \$75 prior to revaluation to roughly \$65, a reduction of \$10 in the actual tax dollars that they don't have to pay. We're looking for something from the State Legislature that will allow us to do more. They didn't come through. This is something – we'll look at it. It looks like it's going to be widespread. It looks like it's not reimbursed by the State. The State, at one time, used to let you do all these things and they'd reimburse you, but they don't anymore. The Assessor is on vacation this week, so I couldn't get anything from her.

Alderman Kudej stated, it would be nice to try and increase some of the veterans' benefits.

Alderman Anglace stated, I don't have a problem with increasing the exemption for all veterans, but I do have a problem with just taking one class of veterans – the low income veterans – and giving them something special. This is a hefty amount, and it's not reimbursed.

Alderman Kudej stated, we'll table it for further discussion.

9. *Procedure for Purchase at Auction*

Alderman Anglace stated, we've had this at the full Board, and we tabled it, and I put it on here just in case anybody has any other thoughts or ideas. I have nothing further to add to it, I think it's good as it is. If anybody has any other thoughts or ideas I'll be glad to listen to them.

10. Procedure for Selling City Property

Alderman Anglace stated, this was at the full Board, there was some discussion. I would like to amend this. I would like to suggest the 8th bullet, you go for an 8-24. Now if the 8-24 is favorable, or the unfavorable 8-24 is overridden, the Board can then proceed to have the land appraised. Now here's what I would do next. If the appraised value of the property is \$500,000 or higher, the Board of Aldermen must hold a public hearing before deciding to sell and advertise for bids. Alderman Finn made that suggestion at the full Board meeting – it's in the minutes – and I think it's a good idea, and I think we ought to incorporate it at that point. I can re-do it. The rest of it would follow. After you've had the public hearing, then you advertise that we're accepting bids no lower than the appraised price or whatever price we agree on, and go from there. I think it's a good idea. You're talking \$500,000 – give the public a chance to comment. Listen to what they've got to say. I think it's a good idea. So with your permission, I'll revise this procedure accordingly, and give it to Brigitte and have her distribute to everybody as soon as possible so they can get another look at it.

Alderman Kudej stated, I have no objections.

PROCEDURE TO SELL CITY PROPERTY.

Definition:

From time to time the City may be asked or may decide to sell property it owns. This property may be a small fraction of land or a full building lot or a parcel consisting of several acres. It could also be property containing buildings. This procedure pertains only to property of significant size (building lot or larger), with or without buildings on it.

PROCEDURE

- Request is received asking to sell City owned property or the Board of Aldermen decides to sell City property of significant size.
- The Conservation Commission and Parks & Recreation Commissions are asked for their opinion. The Board of Aldermen specifically wants to know if the property has Open Space, conservation or recreational value to the City.
- If the answer were “yes” and the Board of Aldermen agrees, the Board of Aldermen would be guided by this information.
- If no, the Board of Aldermen would seek an 8-24 referral from Planning & Zoning.

- If the 8-24 were favorable to sell, the Board of Aldermen would proceed with this process.
- If the 8-24 is unfavorable, the Board of Aldermen must override the unfavorable by a 2/3 vote to proceed.
- If the 8-24 is favorable or if the unfavorable 8-24 is overridden, the Board of Aldermen can then proceed to have the land appraised.
- Upon receipt of the appraisal, the City would advertise that it is accepting bids no lower than the appraised price (or another price agreed to by the Board of Aldermen) with a cut off date to receive sealed bids. All bids are required to be accompanied by a certified check equal to ten (10%) percent of the bid price.
- The Purchasing Agent would open the bids and refer them to the Finance Committee of the Board of Apportionment and Taxation who would determine 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 unless otherwise directed by the Board of Aldermen.

11 – T-Mobile to Construct a Tower at Huntington Fire Company

Alderman Anglace stated, this is a proposal from T-Mobile to construct a tower on the Huntington Fire Department. T-Mobile would put it up, and T-Mobile would be one of the people that subscribe to it and they would pay \$1,500 a month with three percent annual increase, and the Fire Department and the Police Department would also use it. They've been talking about it and you can see the elevation on page two, it shows the tower. It would go – the equipment would be located in the basement in the mechanical room. I haven't had a chance to talk to anybody about it, but I think we should refer this to the Tower Committee and get an opinion from them. The Police and Fire Departments have been involved with this, and they are very interested in it – apparently it's something they need. But I think we have to send it to the Tower Committee.

Alderman Kudej stated, it sounds like a good proposal, but let's send it to the proper committees.

Alderman Anglace MOVED to refer this proposal to the Tower Committee; SECONDED by Alderman Kudej. A voice vote was taken and the MOTION PASSED 3-0.

12. Boy and Fish Fountain

This is information. The Mayor and I met with Marty Coughlin, who is the president of the Huntington Historical Society on May 21st to discuss the status of the renovation project. The Boy and Fish Fountain is the one at Riverview Park. The statue has no other significance, what Marty told us, except that it was donated to the City over 100 years ago and it was one of the focal points of community life way back when, providing water for horses that brought residents to Riverview Park.

The Huntington Historical Society is of the view that refurbishment is somewhat economical for the process involved, and is a practical way to retain the history of Shelton. The projected cost to refurbish the statue, which will be recast in bronze using the lost wax process is approximately \$50,000.

Remember the statue on the Huntington Green they did the same thing, they recast it in bronze, and then they took the original, with our permission, and put it up in the Society for historical preservation. They propose to do the same thing here.

The Society has raised \$8,500 so far and they expect that they'll finish up with about \$11,000 before the project is complete. They're going to use the same artist that refurbished the statue at the Huntington Green, and when completed, the existing statue will be transported up to the Society. The Society needs authorization to proceed to refurbish the statue as described, to add an internal recirculation pump for water and to secure the adjoining bank of the river, as it's eroding around there, for safety purposes, and they're asking to repave the roadway and will probably have to put some kind of barrier fence or something to keep people safely in that area.

Alderman Anglace MOVED to recommend to the full Board to approve the refurbishment of the Boy and Fish Fountain statue at Riverview Park under the direction of the Huntington Historical Society and to authorize the expenditure of up to \$50,000 from LOCIP; and

FURTHER MOVED to add this expenditure to the Capital Improvements List; SECONDED by Alderman Kudej.

Alderman Kudej stated, you're going to put water in the fountain, we'll have to get water from the street to the fountain, so that will be another added expense.

Alderman Anglace stated, they're looking at using a recirculation pump – you put water in once and it re-circulates through the fountain. You don't have to continue water over. They decided against the drinking fountain because they think that's a maintenance nightmare. There's an old drinking fountain there alongside the horse fountain. They're not recommending that we do anything with that.

Alderman Kudej stated, so periodically we would have to add water to that, because water does evaporate.

Alderman Anglace stated, you can add water to it, rain will put water in it. This cost of \$50,000 is just exclusively for refurbishing the Boy and Fish Fountain. It has nothing to do with the road or with the other things. That would be separate and probably done by the City.

Alderman Kudej stated, I think it's a worthwhile project. I'm in favor of it.

Aldermen Lanzi and Papa arrived at this point, 6:50 p.m.

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

Adjournment

At approximately 6:50 p.m., Alderman Anglace MOVED to adjourn; SECONDED by Alderman Minotti. A voice vote was taken and the MOTION PASSED 3-0.

Respectfully submitted,

Patricia M. Regan
Clerk, Board of Aldermen