



BOARD OF ALDERMEN  
SHELTON, CONNECTICUT  
***FINANCE COMMITTEE – MAY 27, 2008***

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**Call to Order / Pledge of Allegiance**

Alderman Stanley Kudej, Chairman, called the meeting to order at approximately 5:30 p.m., immediately following the Special Meeting of the full Board of Aldermen.

**Roll Call - Finance Committee**

Alderman Stanley Kudej, Chairman, present  
Aldermanic President John F. Anglace, Jr. - present  
Alderman Anthony Simonetti – present

**1. Approval of Minutes**

Alderman Anglace MOVED to waive the reading and approve the minutes of the Finance Committee meeting of April 29, 2008; SECONDED by Alderman Simonetti. A voice vote was taken and the MOTION PASSED 3-0.

**2. June Statutory Refunds**

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 \$2,070.43 be approved and that the Finance Director be directed to make payments in accordance with the certified list received from the Tax Collector with funds to come from the Statutory Refunds Account 001-0000-311.13-00; SECONDED by Alderman Simonetti. A voice vote was taken and the MOTION PASSED 3-0.

**3. City's Phone Service**

Gene Sullivan, Acting Purchasing Agent, explained that his purpose to the City is to purchase goods and services, but in addition to that, try to save the City some money.

He did some work with respect to looking at communication services, and would like to discuss his findings and get some feedback from the Aldermen. This is still a work in progress.

He explained, the City has been working with Broadview, and he is trying to get AT&T in here. Right now there is a State contract, and he is trying to negotiate additional savings off the State contract pricing. He also got some numbers from One Communication.

In answer to questions from the Aldermen, Mr. Sullivan explained, I'm looking at a three-year contract, for just telephone and fax service. AT&T's State contract is \$25 a line and they're looking at giving us \$20 a line.

There are approximately 171 lines in the City, and that does not include the Board of Education. It's the same system we're going to be using at this point, with everyone having their own main boxes, or switches, or circuits. AT&T is currently servicing 28 lines. Broadview Communications is serving 141 lines. Broadview charges us around \$5,500 a month – which is \$30+ a line. AT&T will come in at \$20 per line – not real numbers, but close. Soft numbers are anywhere between \$800 to \$1,000 per month savings.

Alderman Simonetti asked what the reason is that the service is split between two vendors, with AT&T only servicing the 28 lines. Mayor Lauretti noted that it could be due to public safety – the fire and police departments, but he is not sure.

Mr. Sullivan explained that the whole reason he is doing the study is because he would like to consolidate it – use one service company – be able to know which vendor to call when there is a problem on a line. Streamline the service, cost savings on issuing checks. There are no contracts in place at this time with either vendor.

Alderman Anglace asked, why don't we draw up the specs and go out to bid.

Mr. Sullivan explained, with AT&T there is a State contract, and we're trying to piggy-back the State contract. The State contract is \$25, and they're willing to do \$20. If the State contract gets reduced, we also benefit in the reduction. That is what I'm trying to work on now. My

question is to the Finance Committee, they have a contract with the State, We're trying to piggy-back it and come down \$5 more. Do we need to get a waiver of bid?

Alderman Anglace stated, the question is, they're not giving us the State contract, they're giving us a different contract – a better contract. I would check with Corporation Counsel Welch.

Mayor Lauretti stated, we're getting the same contract, but we're getting a different rate – a lower rate. It is my opinion that this doesn't need a waiver of bid, but Corporation Counsel Welch may feel different on it.

Alderman Anglace stated, you've got plenty of time, go ahead and bid it and get your prices.

Mayor Lauretti stated, how are you going to bid it now? You're in a public meeting talking about savings and the State contract, which is public record, so everybody knows what AT&T's number is going to be. You're either going to accept the contract off the State bid or do a waiver, because you just created an unfair playing field.

Mr. Sullivan stated, I did ask One Communication, we have the numbers from Broadview and AT&T. I did my homework on it.

Alderman Simonetti stated, go ahead and call Corporation Counsel Welch in the morning and ask him.

Mr. Sullivan thanked the committee.

#### **4. Appropriation of Funds for Fourth of July Fireworks**

Alderman Anglace MOVED to recommend to the full Board to approve the agreement between the City of Shelton and Pyro Engineering, Inc. for the purchase of fireworks for the July 4<sup>th</sup> Celebration in the amount of \$12,000, and further,

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

Alderman Simonetti asked if they are also going to set off the fireworks, or are we just buying them?

Alderman Anglace stated, the money for the fireworks is in the budget. They don't need approval to spend the money in the budget. All we have to do is approve the contract. Counsel says that in the future if we use a standard contract we don't even have to approve the contract, as long as it's the same contract every year, it's a standard modified form.

Mayor Lauretti stated, when you bid something and you have the contract included as part of the bid, you don't need a waiver or approval of the Board of Aldermen. Many contracts that we procure for goods and services don't come before the Board. You've already approved this via the annual budget. This is just a waste of time. It's been bid. It's all done. You're just approving the contract – the same contract we've used for the last 15 years.

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

**5. Appropriation of Funds for Non-participating Construction Expenditures for the Reconstruction of Perry Hill Road, State Project No. 126-156**

Alderman Anglace MOVED to recommend to the full Board to appropriate a sum of \$26,000 for non-participating construction expenditures for Reconstruction of Perry Hill Road, State Project No. 126-156 per invoice number TN200103 with funding to come from Contingency General Account #001-9900-900.99-00; and further,

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

Alderman Anglace stated, there's a letter in here from the City Engineer to Sebastian Sbalcio, May 15, 2008. That letter explains and shows the schedule and makes reference to the invoice.

There is also a letter dated today – 5/27 – from the City Engineer. On that one, Kulacz responds to the questions that were brought up:

- One hundred percent of the construction costs were assumed by ConnDOT and Federal Highway Administration (FHWA).
- ConnDOT was the right-of-way agent charged with obtaining all properties rights (strip takings, slope rights and easements) to construct the project.
- During the course of construction, property at 112 Perry Hill Road required additional easements and/or rights of access due to the impact of the reconstruction. The end result was the need to revise the construction plans to meet the terms of the settlement negotiated by the ConnDOT Office of Rights Of Way.
- Our consultant revised the design of the wall to terminate into the existing rock ledge which was exposed during construction.
- The construction of the revised retaining wall required the removal of rock ledge behind the wall for the supporting geogrid. The removal of rock ledge behind the wall impacted the remaining ledge which the wall was to abut and tie into.
- A second revision was then required to extend the wall and terminate it at the earthen slope that remained. ConnDOT declared this to be a design error by our consultant and therefore a non-participating cost.

Mayor Lauretti stated, okay, stop right there. That in my mind should constitute an action by the City against our consultant, against their errors and omissions policy. We should not be absorbing this cost. The reason the State is not happy is because of all the overages on the project are because of design issues.

Alderman Simonetti asked, their design issues or our design issues?

Mayor Lauretti replied, they're ours because we hired the engineering firm. I believe the errors and omissions policy should cover this cost. I think that we should authorize Corporation Counsel Welch to pursue this before you make any arrangements for payment.

Alderman Simonetti stated, look at what they're threatening to do in the bottom paragraph. They're threatening to hold up another project.

Alderman Anglace stated, we didn't investigate the errors and omissions policy. If they want to hold a project up they're going to find a reason

to hold it up anyway. I've been through too many of these issues to be threatened by that. They've already held that project up for four and a half years as it is.

Alderman Anglace stated, Kulacz's memo goes on to say that his office doesn't agree with ConnDOT. It goes on to say that ConnDOT couldn't get any additional funding and that's why they rejected it.

Mayor Lauretti asked, then who is authorized to extend the financial consideration of the City without approvals?

Alderman Anglace answered, nobody. The Board of Aldermen.

Mayor Lauretti asked, then why are we paying this? Why didn't the request come before the work was done? Here we go with the State and the WPCA, the same routine. If I did that I'd be on the front page of every newspaper. If anything, you should authorize counsel to pursue our engineering firm for errors and omissions.

Anglace MOVED to recommend to the full Board to authorize Corporation Counsel Welch to pursue our engineering firm for errors and omissions; SECONDED by Alderman Simonetti.

Find out from wpcac what the facts are.

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

### **6. Observations on the Budget**

I was going to suggest that the Finance Committee recommend to the full Board that the 2008-09 Budget be adjusted to reduce \$700,000 from the revenue side account 001-0000-301.20-00 the Audit Undesignated Account, and reduce \$700,000 from the expenditure side account #001-4500-911.70-23 the Debt – WPCA. But since this item is on the Finance Committee for discussion I would suggest that the steps below be followed and that this recommendation be made to the full Board without a Finance Committee recommendation so that the Freedom of Information conditions are fully met. We can discuss it here, but it has to go to the full Board without a recommendation.

This action to reduce the revenues and expenditures would more accurately reflect actual operational budget spending and adjust the total budget from \$109,289,493 to \$108,589,493. It has no impact on the mill rate. Adjustments to the budget are an allowed municipal accounting practice utilized from time to time by the City. One example that comes to mind is the adjustment made for operational use of the LOCIP account.

It also reflects the possibility that such interest expense may be capitalized, as we heard from State Representative Perillo. The budget, inclusive of this \$700,000, would misstate our action. Also, if not capitalized the \$700,000 could be taken from undesignated surplus at the time the final determination is made which way to go. Another possibility is payment of these interest charges from a project contingency account.

Consequently, I would ask that the Water Pollution Control Authority accounts for this project be examined to determine if such contingency account exists from which these interest payments could be made.

You had the High School Renovation Committee. You had a contingency account where payments of this type would come from.

Alderman Simonetti replied, yes, we did.

Alderman Anglace stated, the information we've gotten on this did not say one way or the other.

Alderman Kudej stated, this is that \$700,000 that was added in without our...

Alderman Anglace replied, yes. We don't have, the WPCA has the information. If the WPCA has a contingency account, all or part of this money could be paid right from there.

Alderman Simonetti stated, they may even have an account, as we do at the Shelton High account, we have some funds that are coming back from contractors that didn't use their money – they didn't find something in the wall that threw them a curve – so that money is being brought back to us as we speak.

Alderman Anglace stated, it was the opinion of the Finance Director that this money should be in the budget so it could be appropriated and paid. And you heard the Mayor's comment the night we brought this up, his comment was, why, why are you appropriating money from surplus? It just doesn't make sense. You can take that money out of surplus at any time.

Alderman Simonetti asked, does this have to be paid by the end of the month? I thought there was a deadline.

Alderman Anglace stated, if there is then somebody better get off their butt and do something about it fast, because this isn't going to be approved by the full Board anyway. The money is in there, but it could come from any number of sources. Why would we let it, I don't think the money, I don't think this is a deadline by the end of this month, no.

What I'm suggesting to do is to take the money out of the budget. It misstates the budget.

Alderman Simonetti stated, my question is if you take \$700,000 out of the budget, why doesn't it change the mill rate?

Alderman Anglace replied, because you're taking it out of both sides – taking out of revenue as well as expenditures. I think, I sense that WPCA may have an account to cover this. If that's the case then it's going to come right out of that account and we're not even going to be involved. I think we're going to find that they do have a contingency account, and I think we're going to find that some if not all of this money could be paid from there. If that's the case then at the next Board of Aldermen meeting we'll put it on the agenda and make the appropriate adjustments to the budget.

### **Adjournment**

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

Respectfully submitted,

Patricia M. Bruder  
Clerk, Board of Aldermen