

TOWN COUNCIL MEETING

DECEMBER 13, 1994

6:00 P.M.

AGENDA

1. Roll Call & Pledge of Allegiance
2. Remove From the Table to Consider and Approve Abandonment of Property Adjacent to Pent Highway
3. Consider and Approve Acting Upon the Binding Arbitration Award Case #9293-MBA-269 for the Management Union - Personnel
- 4a. Consider and Approve a Transfer of Funds in the Amount of \$127,668 from Contingency General Government Acct. #001-8050-800-3230 to Various Salary Accounts within the Budget - Personnel
- b. Consider and Approve a Budget Amendment in the Amount of \$2,612 from Town of Wallingford Contribution Acct. #012-1040-060-6000 of Which \$1,401 is Transferred to YSB Director Acct. #012-9000-100-1200 and \$1,211 is Transferred to Program Coordinator Acct. #012-9000-100-1360 - Personnel
5. PUBLIC QUESTION AND ANSWER PERIOD - 7:30 P.M.
6. Discussion and Possible Action on the Newly Accepted Purchase Power Contract Between the Public Utilities Commission and CMEEC-NEU as Requested by Councilor Peter A. Gouveia (8:30 P.M.)
7. Consider and Approve Accepting Four (4) Roads as Requested by the Planning & Zoning Commission
 - Nutmeg Court
 - Fairlawn Drive
 - Trailside Drive
 - Blossom Lane
8. Consider and Approve a Lease Agreement Between the Town of Wallingford and the Visiting Nurses' Association for Space at Simpson School for the Term of One (1) Year to Commence September 1, 1994 - Mayor's Office
9. Remove From the Table to Consider and Approve a Transfer of Funds in the Amount of \$799 from Full-Size Van Capital Acct. #2020-999-9902 to Maintenance of Vehicles Acct. #001-2020-500-5000 - Animal Control Officer
10. Consider and Approve a Waiver of Bid for Health Insurance Consulting Services with the Segal Company for Fiscal Year 1994-95 - Personnel

(OVER)

11. Consider and Approve a Transfer of Funds in the Amount of \$3,000 from Health Insurance Acct. #001-8041-800-8300 to Physical Exams Acct. #001-1590-500-5750 - Personnel
12. Consider and Approve a Transfer of Funds in the Amount of \$1,569 from Contingency Reserve for Emergency Acct. #001-8050-800-3190 to Risk Manager's Salary Acct. #001-1620-100-1200 - Personnel
13. Consider and Approve a Transfer of Funds in the Amount of \$1,000 from Board of Tax Review Secretarial Services Acct. #001-1390-600-6040 to Board of Tax Review Advertising Acct. #001-1390-400-4100
14. Consider and Approve a Transfer of Funds in the Amount of \$1,373 from Pioneer Covers Acct. #001-5030-999-9920 and \$1,439 from Over Doors Acct. #001-5030-999-9923 and \$1,319 from Aluminum Portable Bench Acct. #001-5031-999-9909 and \$352 from Chain Saws Acct. #001-5031-999-9914 and \$534 from Air Louvre Air Balance Acct. #001-5050-999-9902 for a Total of \$5,017 to Repair Loader Acct. #001-5040-500-5011 - Public Works
15. Consider and Approve a Transfer of Funds in the Amount of \$16,000 from Sworn Officers Wages Acct. #001-2002-100-1310 to Workers Compensation Acct. #001-2001-100-1630 - Police Dept.
16. Consider and Approve a Transfer of Funds in the Amount of \$58,500 from Depreciation Acct. #403 to Outside Legal Services Acct. #923-2 - Electric Division
17. Consider and Approve a Transfer of Funds in the Amount of \$2,500 from Transportation Equipment Acct. #392-095 to New Distribution Lines Acct. #343-095 - Water Division
18. Consider and Approve a Resolution Authorizing the Mayor to Make Application to the State of Connecticut Department of Public Health and Addiction Services for a \$10,000 Grant for the Mayor's Council on Substance Abuse Prevention Program - Youth Service Bureau
19. Consider and Approve a Waiver of Bid for the 1994 General Election Printing, Materials and Supplies as Requested by the Office of the Town Clerk
20. Consider and Approve a Transfer of Funds in the Amount of \$211 from Re-creating Volumes Acct. #6030-999-9907 to Elections Acct. #6030-400-4060 - Town Clerk
21. Consider and Approve a Transfer of Funds in the Amount of \$2,850 from Contingency Reserve for Emergency Acct. #001-8050-800-3190 to LHHS/SHS Championship Ceremony Acct. #001-1300-600-6030 - Mayor's Office
22. Consider and Approve a Transfer of Funds in the Amount of \$7,179 from Council Contingency Reserve for Emergency Acct #8050-800-3190 to Misc. Fact-Finding Acct. #001-1300-600-6020 - Mayor's Office

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23. Consider and Approve a Resolution Authorizing the Mayor to Enter Into an Agreement with the State of Connecticut for the Design, Construction, Inspection and Maintenance of Intersection Improvements at Barnes Road and Barnes Industrial Road North - Mayor's Office
 24. Consider and Approve a Transfer of Funds in the Amount of \$800 from Contingency Reserve for Emergency Acct. #001-8050-800-3190 to Police Administration Town Share-Off System Accident Fund Acct. #001-2001-600-6700 - Mayor's Office
 25. Discussion and Possible Action on a Proposal by CRRA to Construct an Underground Dam at the Ash Landfill Site as Requested by Councilor Geno J. Zandri, Jr.
 26. Executive Session Pursuant to Section 1-18a(e)(2) of the CT. General Statutes Regarding Strategy and Negotiations with Respect to Pending Litigation
 - Workers Compensation Claim of Martin Rigoulot v. Town of Wallingford
 - Labor Arbitration
 - Workers Compensation
 - Stevens v. Town of Wallingford
- Executive Session Pursuant to Section 1-18a(e)(4) of the CT. General Statutes with Regards to the Purchase, Sale and/or Lease of Property
27. Discussion and Possible Action on the Selection of a Possible Site for the Recreation Center - Park & Recreation Commission
 28. Consider and Approve a Waiver of Bid for the Purpose of Hiring Outside Counsel for Pending Labor Arbitration as Requested by the Town Attorney
 29. Consider and Approve a Waiver of Bid for the Purpose of Hiring Outside Counsel to Oversee the School Building Expansion Project as Requested by the Town Attorney
 30. Consider and Approve Tax Refunds (#119-160) in the Amount of \$4,285.80 - Tax Collector
 31. Note for the Record Anniversary Increases Approved by the Mayor to Date
 32. Approve and Accept the Minutes of the November 22, 1994 Town Council Meeting
 33. Approve and Accept the Schedule of Town Council Meetings for Calendar Year 1995

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SUMMARY

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4a. Fail to Approve a Transfer of \$127,668 from Contingency General Government to Fund the Arbitration Award	12
4b. Fail to Approve a Budget Amendment totalling \$2,612 to Fund the Youth Service Bureau's Portion of the Arbitration Award	13
5. PUBLIC QUESTION AND ANSWER PERIOD - Litter Complaint, North Main St. Ext.; Recommendation to Re-structure Town Government to Eliminate Positions and Pay Raises; School Building Expansion Project Support	13-14
6. Discussion and Failure to Override Public Utilities Commission Action Taken on November 29, 1994 with Regards to the Newly Accepted Purchase Power Contract Between the Town of Wallingford and CMEEC-NEU	20-53
7. Approve Accepting Five (5) Roads Approved by Planning & Zoning: Nutmeg Court; Fairlawn Drive; Trailside Drive; Blossom Lane and Pelloni Hollow	1-2
8. Approve a Lease Agreement with the Visiting Nurses' Association and the Town of Wallingford for Space at Simpson School for the Term of One (1) Year to Commence September 1, 1994	14
9. Remove From the Table and Approve a Transfer of \$799 to Maintenance of Vehicles Acct. - Animal Control Officer	14-15

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10. Approve a Waiver of Bid for Health Insurance Consulting Services with the Segal Company for Fiscal Year 1994-95 - Personnel	15-16
11. Approve a Transfer of \$3,000 to Physical Exams Acct. - Personnel	16
12. Approve a Transfer of \$1,569 to Risk Manager's Salary Acct. - Personnel	16-20
13. Approve a Transfer of \$1,000 to Board of Tax Review Advertising Acct.	1
14. Approve a Transfer Totalling \$5,017 to Repair Loader Acct. - Public Works Dept.	53-54
15. Approve a Transfer of \$16,000 to Workers Compensation Acct. - Police Department	54-55
16. Approve a Transfer of \$58,500 to Outside Legal Services Acct. - Electric Division	55-56
17. Approve a Transfer of \$2,500 to New Distribution Lines Acct. - Water Division	56-57
18. Approve a Resolution Authorizing the Mayor to Make Application to the State of CT. Dept. of Public Health and Addiction Services for a \$10,000 Grant for the Mayor's Council of Substance Abuse Prevention Program - Youth Service Bureau	57
19. Approve a Waiver of Bid to the 1994 General Election Printing, Materials and Supplies - Town Clerk	57
20. Approve a Transfer of \$211 to Elections Acct. - Town Clerk	57
21. Approve a Transfer of \$2,850 to LHHS/SHS Championship Ceremony Acct. - Mayor's Office	57
22. Approve a Transfer of \$7,179 to Misc. Fact-Finding Acct. - Mayor's Office	57-58

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23. Approve a Resolution Authorizing the Mayor to Enter Into an Agreement with the State of CT. for the Design, Construction, Inspection and Maintenance of Intersection Improvements at Barnes Road and Barnes Industrial Road North - Mayor's Office	58
24. Approve a Transfer of \$800 to Police Administration Town Share-Off System Accident Fund Acct. - Police Department	58-59
25. Discussion on a Proposal by CRRA to Construct an Underground Dam at the Ash Landfill Site	59-60
26. Executive Session - Section 1-18a(e)(2) and 1-18a (e)(4) - Strategy and Negotiations with Respect to Pending Litigation; Purchase, Sale and/or Lease of Property	60
27. Continued to Meeting of 12/19/94	
28. Included in Item #26	
29. Approve a Waiver of Bid for the Purpose of Hiring Outside Counsel to Oversee the School Building Expansion Project - Town Attorney	60
30. Approve Tax Refunds (#119-160) in the Amount of \$4,285.80 - Tax Collector	60-61
31. Note for the Record Anniversary Increases Approved by the Mayor to Date	61
32. Approve and Accept the Minutes of the 11/22/94 Town Council Meeting	61
33. Approve and Accept the Revised Schedule of Town Council Meetings for Calendar Year 1995	61
<u>Waiver of Rule V</u>	
Approve Adding Pelloni Hollow to the List of Roads to be Accepted as Requested by Town Planner Linda Bush	1
Approve Waiving the Bid to Award Bid to W.I. Clark Co. for Repair Work to a Public Works Loader	53

TOWN COUNCIL MEETING

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6:00 P.M.

A regular meeting of the Wallingford Town Council was held on Tuesday, December 13, 1994 in the Robert Earley Auditorium of the Wallingford Town Hall and called to Order by Chairman Thomas D. Solinsky at 6:07 P.M. All Councilors answered present to the Roll called by Town Clerk Kathryn J. Wall with the exception of Mr. Gouveia who arrived at 6:32 P.M. Mayor William W. Dickinson, Jr. arrived at 6:14 P.M. and Town Attorney Janis M. Small arrived at 6:24 P.M. Comptroller Thomas A. Myers was also present.

The Pledge of Allegiance was given to the Flag.

ITEM #2 Since there was no one present at this time for this item, it remained tabled.

ITEM #13 Motion was made by Mrs. Duryea to Move Agenda Item #13 Up to the Next Order of Business, seconded by Mr. Rys.

VOTE: Gouveia was absent; all others, aye; motion duly carried.

ITEM #13 Consider and Approve a Transfer of Funds in the Amount of \$1,000 from Board of Tax Review Secretarial Services Acct. #001-1390-600-6040 to Board of Tax Review Advertising Acct. #001-1390-400-4100

Motion was made by Mrs. Duryea, seconded by Mr. Rys.

VOTE: Gouveia was absent; Killen, no; all others, aye; motion duly carried.

ITEM #7 Motion was made by Mrs. Duryea to Move Agenda Item #7 Up to the Next Order of Business, seconded by Mr. Knight.

VOTE: Gouveia was absent; all others, aye; motion duly carried.

WAIVER OF RULE V Motion was made by Mrs. Duryea to Waive Rule V of the Town Council Meeting Procedures for the Purpose of Adding Pelloni Hollow to the List of Roads to be Accepted as Requested by Planning and Zoning, seconded by Mr. Knight.

VOTE: Gouveia was absent; all others, aye; motion duly carried.

ITEM #7 Consider and Approve Accepting Four (4) Roads as Requested by the Planning and Zoning Commission

Motion was made by Mrs. Duryea to Accept the Following Five (5) Roads:

- Nutmeg Court
- Fairlawn Drive
- Trailside Drive
- Blossom Lane
- Pelloni Hollow (Waiver of Rule V)

Seconded by Mr. Rys.

Mr. Killen stated that the Council should not be accepting Pelloni Hollow if it is not finished.

have km - 1/10/95

Blossom

Pelloni

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Ms. Bush stated that the only reason she is requesting that it be accepted is due to the fact that there are twenty to twenty-five families who live there and there is no longer a developer to maintain the road this Winter. Public Works is going to have to maintain it since there is no one else to do so. The developer walked away from the project and the Town called the bond. The Town hired someone to finish paving the road and the sidewalks are in progress.

Mr. Killen stated that enough of a precedent is going to be set with the Town plowing the street because of the situation being what it is, however, he did not want to accept it until such time that it meets all the criteria necessary for a road to be accepted.

Mr. Zandri saw no problem with accepting the road since the Town has taken over the responsibility of the road at this point in time.

Mr. Rys asked if the bond that was called will make up the difference of the actual cost?

Ms. Bush responded, we think so. The bond was called for \$70,000, the paving cost \$27,000 and the cost of the sidewalks has not been determined as of yet. There is sufficient money to finish the work.

Mr. Rys stated that the road should be accepted.

VOTE: Gouveia was absent; Killen, no; all others, aye; motion duly carried.

ITEM #3 Consider and Approve Acting Upon the Binding Arbitration Award Case #9293-MBA-269 for the Management Union - Personnel Dept.

Motion was made by Mrs. Duryea, seconded by Mr. Rys.

Tom Sharkey, Acting Personnel Director stated that this is a three year contract retro-active to January 1, 1994. The first increase, effective January 1, 1994, was awarded at 3.75%, the second and third increases effective 1/1/95 and 1/1/96, respectively were both awarded at 3%. Co-pay was awarded along with a prescription rider for the unit; a doubling of their life insurance; cost-containment for the slight limit which is estimated to be a 2-3% savings and a 457 Plan which is a type of 401K plan with no contribution from the Town. There are a number of language issues as well.

Mr. Rys asked for an explanation of how the prescription rider (Issue #13) will work?

Mr. Sharkey stated, it will be the same as Local 1183's plan. A prescription card is presented to the pharmacy and the first \$500 is covered. After reaching the \$500 maximum limit then the employee must satisfy their \$100 deductible required on the plan and any remaining prescriptions will be submitted to major medical for 80% reimbursement.

Mayor Dickinson stated, this is a binding arbitration award. The reason that it is here is that, normally, in the past there would be

no action to take because it would be binding upon the Town. It is here tonight due to the law which allows for a second panel. Should this contract be rejected tonight it will go to a second panel of arbitrators and their award would then be binding upon the Town. He went on to say that he was not pleased with the results. It is not appropriate to have an increase in benefits considering current economic conditions or in comparison to other units. He does not anticipate that the award will improve in the Town's favor by going to a second panel. The problem is that the arbitrators do not use suitable standards. The standards that they utilize are not balanced strongly enough against the economic conditions and the situation that all of us deal with in terms of resources and revenues. A second panel, however, will utilize the same standards that the first panel did so that the chance for any substantial improvement is pretty remote. We have anticipated that the cost for the panel alone will be somewhere in the vicinity of \$10,000. The Town would bear the full cost of that. The potential savings would be in what we could win, those items that you can put dollar figures on. We could potentially win \$27,000 and potentially lose a total of some \$67,000. The odds both monetarily and in the standards that the second panel would utilize on both counts are significantly, in his opinion, against the interests of the Town. To pursue it would not accomplish a great deal at this level. What has to be done is to impose some standards for the legislators which would take some legislative change.

Mr. Sharkey added, one of the problems with the new law is that the second panel would not just look at those issues that the Town is not happy with but the whole award is wide open again for scrutinizing. We could end up losing something with the second panel that we won with the first.

Mr. Knight referred to Issue #22 in which the union proposed to have language inserted regarding abridgement of rights, benefits, privileges that the Town or any employee have enjoyed heretofore officially....and asked, is this an attempt to get past practice codified?

Mr. Sharkey responded, yes. One of the problems we have found is that sometimes we have a new manager come in and someone he is supervising will do something that is not in the contract and when that manager informs that employee that he cannot do what they are doing, the employee informs the manager that it has been done for the past 10-15 years. It is an attempt, therefore, to identify what the past practices are and record them in the contract.

Mr. Knight commented, these are the kinds of things that are written into agreements that seem innocuous on the face of them yet come back to haunt you years and years down the road. He wondered if this is going to be one of them?

Mr. Sharkey stated, that he did not think that any of the past practices in this particular unit have caused the Town any problems. If it were other units it would be a different story.

Mr. Knight then addressed Issue #25, Pay for Attending Hearings,

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asking for an explanation.

Mr. Sharkey stated, that is a codification of a past practice. The Town has always paid for hearings. It has been a past practice and was written up and placed in the contract.

Mr. Knight asked if it has been past practice to pay the Local president also?

Mr. Sharkey answered, yes. In every contract we have there usually is a written provision which states that if there is a grievance hearing with either the Personnel Dept. or with the local supervisor up at the State Board, "X" amount of people are allowed to attend and represent the grievance. It is not new language, but it is for this unit in that it is in the contract for the first time but it has always been practiced.

Ms. Papale referred to Issue #28a, 28b & 28c and asked Mr. Sharkey to refresh the Council's memory on what the Town offered v. what the union offered before it went to arbitration.

Mr. Sharkey responded, the last offer that he recalled on the union side was what is referred to as a 2,2 split meaning two increases during the first year of two percent and two percent and the same with the second two years. The Town offered somewhat under 3%. If some other issues were not there he thinks that the wages would have been resolved eventually through regular negotiation.

Ms. Papale asked, do you feel that if this contract were sent back to the second panel that perhaps there would be a higher increase awarded?

Mr. Sharkey answered, what is more likely to happen is what happened with the 1183 agreement. We had a tentative agreement for three years, excluding the compounding factor, the three years added up to 9.75%. If you look at this contract tonight you will see that it also adds up to 9.75% for almost the exact same period. He could very well see the arbitrators saying that they will give the Town the first year of 3.25% and give the union the second two years at 3.25% totalling up to 9.75%. You get the same overall percentage, just spread out differently.

Ms. Papale commented that sometimes a lot of judgements made by the Council are a gamble at times and, although she is not happy with the contract, she stated that it would not be wise to send it back again. The negotiators of the Town should have looked at this contract from a different perspective. We are going to have to live with this for the next three years.

Mr. Zandri stated that this contract has the opposite of everything that he wanted to see in it. It is unfortunate that we are stuck with a binding arbitration law that is definitely not working. Unless the initiative is taken locally we will continue to see contracts arbitrated like this one. We cannot simply take this contract and hope that the next one will change because, unfortunately, this will

set the precedent for all the upcoming contracts, something that the arbitrators will hang their hats on. The last two places of employment that boasted job security were the utilities and government work. The utilities have fallen by the wayside over the past few years and job security in that medium no longer exists. The last hold out, however, is government work. People are almost guaranteed their jobs. Even with that guarantee it does not prevent them from using the system to their benefit, excluding the luxury of having an almost guaranteed job. This is the area that towns are going to have to start looking at as a tool to fight awards such as this one; that there will be no more guarantees of a job. Privatization is now taking hold in a lot of communities because of contracts like this. It is something that will have to be seriously looked at if we think we are going to ever win any kind of a battle. With the present laws the way that they are, the unions are going to hold out for arbitration, and they would be fools if they didn't, for this is a prime example of what happens when they do. The minimum that the unions will get is what the Town offered anyway and they have everything to gain. Not only did this union gain on wages but on benefits as well. The Town employees have the best benefits of anyone who is employed at this time. Where other people in the private sector are being asked to give up benefits to hold onto their jobs, we have people who work for the Town asking for more. He will not support this contract by voting against it.

Mr. Sharkey stated, one of the scenarios that could occur with the second arbitration panel is they may award the Town's offer of 3.25% the first year and award the union's offer for the next two years at 3.25%. We already have a couple of contracts for 1995-96 with a 3% figure attached to them and that is what we are holding to. He would hate to see a second award come in with 3.25% for that will then be the new bottom line target that the next unions will be shooting for.

Mr. Killen stated, the only way to sell this thing is to get a meeting of the minds of all the unions, sit them down and give them all the same things across the board and we will then have somewhere to start out from. Otherwise we are playing games. There are times that he has voted "no" on some contracts while familiar faces fill the audience, which is a very difficult thing to do, and at other times has voted "yes" to some who you are giving "peanuts" to. He is no more proud of voting "yes" to them then voting "no" on something like this. We are very uneven. Mr. Zandri made sense before with his statement regarding privatization. We will have to start putting some dollar figures on what job security is worth and start with that. Job security today is worth everything. In addition to the job security, we pay darn good wages, darn good benefits and we have to keep folding our tent and stealing away because we are faced with binding arbitration. He could not support this contract.

Mr. Gouveia apologized for arriving late for he thought the meeting started at 6:30 P.M. He asked if the percentage increase included the step increases as well?

Mr. Sharkey responded, no.

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Mr. Gouveia stated, then we are not only looking at the 3.75% increase but a step increase which is approximately 5% as well?

Mr. Sharkey answered, yes.

Mr. Gouveia asked, what percentage of this union will be getting 8.75% for an increase?

Mr. Sharkey responded, roughly about 1/4 of this unit is still on steps. We had a number of new hires over the past few years also.

Mr. Gouveia stated, for the benefit of everyone, we are not talking strictly the 3.75% there are approximately 15 people who will get a 8.75% increase. He asked, is that increase also on the "on-call duty" \$175?

Mr. Sharkey answered, that is a separate issue. The union was looking for two things, one was a \$25 increase in the second year and an additional \$25 increase in the third year. They also wanted to add five people who had the term "stand by" or "on call" in their job description even though we have argued successfully that they are not on call because they don't wear a pager or beeper and are not restricted to a thirty minute response time, etc. We cost it out and found that it came to almost 2% of payroll just for that one item. That is a separate deal. If they are on call they get paid for when they are specifically on call.

Mr. Gouveia stated, so then there are a lot of benefits in addition to the percentage increase?

Mr. Sharkey: right.

Mr. Gouveia stated that he felt extremely uncomfortable about this contract the last time it was awarded because just prior to the contract there was a labor agreement, a new management study, and there were people in this contract who received a 30% increase in one step. Not too many received that, but at a time that the Town and State were beginning to go through a recession, the 30% increase was devastating.

We, as a Town, offer too much. That is evidenced by the fact that two and three reasons given by the arbitration award for awarding in the union's favor, they went on to indicate the following: "It is the opinion of the majority of the panel that Issue 28a namely, wages, effective January 1, 1994 should be increased by 3.75% as set forth in the union's last best offer. Both offers by the union and the Town exceed the increase of the cost of living. The offers by the Town on this issue and issues 28b & 28c, which is also the salary for the following two years, indicates to the majority of the panel that the Town has sufficient financial strength to afford the wages requested by the union in this offer.

He went on to say that there were other issues that, again, the majority of the panel opted for the union's best offer because, as they put it, "the Town in its brief agreed that issue #11 should go to the union". In another issue the panel indicates again, "...that the Town, in its brief, agreed that the adoption of the union's last best

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offer in this matter..." so there are indications in this matter that the Town offered a lot more than they should have offered.

Mr. Sharkey stated, in issue #11 the offers are almost identical. This is an issue of co-pay.

Mr. Gouveia stated, he finally came across an individual, one of the arbitrators, who voted against the decisions of the other two and put in words, far better than Mr. Gouveia admitted he could have, his reasons for doing so as follows:

(Dissenting Opinion of Management Arbitrator Case #9293-MBA-269):

"Issue 13. It is outrageous to think that in today's climate an arbitration panel would add an additional medical benefit where 11 out of the 12 units within the Town that are covered by the Municipal Employer Relation Act do not currently have that benefit. The only unit to have this benefit presently is the Public Works 1183. This benefit was given to that union in 1989 through an arbitration award. This was not by Town agreement. The arbitration award was prior to the new law which allowed for a second panel. If that law were in existence at this time this benefit may not have been sustained. The total cost of the entire award (including wages, life insurance, etc.) for the three year duration, having taken into consideration the savings offset by co-pay, is in excess of 10% of payroll, or \$280,000. In addition, this unit has done exceptionally well over the years as it relates to economic benefits. From 1985 to 1993, wages and other benefits within this contract have far exceeded the Consumer Price Index, almost by doubling the same. In addition, the cost of Blue Cross/Blue Shield since 1983 has increased on an average of 13% per year. Given that the union did not have sufficient comparables, and given the crippling overall cost of this contract, this benefit should never have been awarded. This award will now having rippling effects that will significantly affect the cost of insurance throughout the Town at a time in which municipalities and the private sector are trying to get a handle on these runaway costs. Furthermore, the granting of this issue should not be viewed as the "price" of co-pay. The award of co-pay - what amounts to a lofty \$300 per year contribution by employees who average \$55,000 annually - should not be offset by an increase in another insurance benefit. At least three other non-teacher units, with employees who earn far less than the managers, have been co-paying for one or more years and have not gained an additional insurance benefit."

With regards to the Additional Life Insurance, Issue #15: "As undeserved as the award of Drug Prescription was in Issue 13., even more undeserved is that the panel awarded additional life insurance for this unit.....this unit has the highest life insurance presently under the current language among all the twelve units that are covered by MERA within the Town. To double the benefit from \$25,000 to \$50,000 is irresponsible. When one looks at the overall cost of this contract, which exceeds 10% through its life, as well as having a benefit that is double that of any other unit within the Town, it creates a situation where these highly compensated employees are benefited to a degree well in excess of the rank and file. Clearly, if this group of individuals were not organized and the Town gave this

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benefit to its highly compensated employees, the federal government might find it in violation of its highly compensated rules and force the Town to provide this benefit to the remaining employees or recognize the cost of this benefit as ordinary incomes among those group members. It is incredible to think that a group of employees making an average of \$55,000 a year, who have a benefit that already exceeds those of the rank and file, get a benefit award that would double the existing benefit. By awarding this doubled benefit, the panel has effectively opened a new door through which all other units, less well paid than the managers, will expect to walk."

He then referred to the dissenting arbitrator's statements with regards to Issues 20 and 21, Sick Leave Accumulation: "Here again, the panel saw fit to increase a benefit for sick leave from 1 day per month to 1 1/2 days per month, up to a maximum of 120 days." Mr. Gouveia corrected that statement, informing everyone that, for some people the maximum is 138 days. "These highly compensated employees again will leap frog other units within the Town. In this day and age when benefits are being scrutinized closely, to expand on a benefit that is already extremely generous, goes beyond explanation. This benefit has economic impacts in that the Town must recognize compensated absences on its financial statements. By increasing this benefit by 50% the award sets up an additional long term liability that the Town must recognize and set aside funds for."

Issue 28a, Wages: "Unbelievable - this unit was awarded in 1994 a 3.75% increase. For the past nine years, the wage increase for this unit has averaged approximately 6.5%. In addition to annual increases, this unit received a full pay revaluation in 1990 that increased payroll by 5.6%. The members of this unit average \$55,000 a year with a high of \$84,000 a year. When a group as highly compensated as this group can out pace the Consumer Price Index by twice as much over nine years and still receive an increase of 3.75%, it makes us wonder if we have woken up in "Oz" and are at the mercy of the all-knowing wizard. Not only is this outrageous but clearly shows that this decision was not made upon a full consideration of the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in the private sector wage benefits....it doesn't take an expert to understand that since 1990, an average increase in wages of 7.28% is well in excess of the public sector, and clearly in excess of the private sector which has not only been freezing wages, but significantly reducing the work force in Wallingford and throughout the State of Connecticut. During the same time period that these substantial raises were being given to this highly compensated group, the Town of Wallingford was experiencing some major economic issues dealing with the loss of businesses as well as stagnant grand lists. With a \$2 billion grand list only increasing by less than a 1/2%, it places more pressure on the existing property taxpayers. Also, the grand list decreased in the area of personal property which means that less businesses were paying taxes, and a higher percentage was placed on the residential property owner. Clearly, given the limited growth in the Town's grand list which, in turn, will limit the Town's ability to raise new taxes, this increase of 3.75% should never have been given... Further, it is not even remotely in line with what is happening in the public and

private sectors or for that matter, even within the Town's other bargaining units."

Mr. Gouveia stated, I know it may be a losing cause but I am not going to be part of the problem. My vote will, hopefully, send this back to another binding arbitration.

Mr. Zappala stated, I am sorry to say that I will vote in favor of this contract, not because I like the contract for I think it is outrageous, but because I think that the alternative that we are faced with, arbitrators who seem not to care about the municipality, will cost us more in the long run.

Mr. Knight stated, the more I read of this contract the more upset I got. The dissenting arbitrator's statements were right on target. Having said that, you still end up having to examine the system that you are working within and what the odds are of improving the situation as it stands. Even the Town's last best offer in the first year with regards to wages is 3.25%. This Council has been using 3.0% as kind of a benchmark as to what we are shooting for. We don't get that in 1994 but we do in 1995 and 1996 and that is an important consideration. It is our responsibility to understand the venue in which we are working and that is that a second arbitration panel will take up the entire contract. There are some potential mine fields in the contract in the various disputes between the Town and union and we run the risk of stepping on one of those mines. Mr. Zandri brought up a most interesting point, something that I have been more than casually studying over the past year or so and that is the increase in the amount of privatization that is going on. It is not an idle threat, it is going on in towns all over the United States, the biggest of which is Indianapolis, Indiana where a very far-sighted and aggressive chief executive of that city has privatized much of the public works functions. He stated he will vote to accept this contract with the understanding that we are going to start looking very carefully at some of the more creative ways that other towns and cities in this country are paring their expenses. Maybe the privatization effort referred to in Indianapolis for the most part has been done with the full knowledge, blessing and encouragement of most of the city employee unions. It was very carefully structured and is saving that city literally tens of millions of dollars per year. He was extremely disappointed that the climate in Hartford is so far from reality driven as it is but that, indeed, is the climate and that climate does not appear to be changing in the near future. He regretfully supports the acceptance of the contract.

Philip Wright, Sr., 160 Cedar Street stated that it is time that the Council should either fish or cut bait. He would cut bait if he were in their shoes. Joint by joint we have cut off our fingers, by now it is the hand and next it will be the arm. There is no way that the taxpayers in this Town can continue to sit by and let this kind of contract be awarded. One thing that should definitely be looked at is a whole new arrangement of reviewing contract negotiations. It is obvious by the writings of that one arbitrator that he does not think very highly of the way we started out. He was surprised that the Town's labor negotiator was not present this evening for this topic.

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He went on to say that the Teacher's Union contract, although far from a good one, certainly does not smack of the give aways that we have here. He did not know how anyone, in good conscious, could vote in favor of sustaining this arbitration case. Regarding Mr. Knight's comments in reference to privatization, such an action will never, ever take place. Realistically what you do today is what you will be doing tomorrow and the next day. The Council owes it to their constituents to go back and try again. Mine fields may well be a blessing. He urged the Council to vote against accepting the contract.

Mr. Sharkey commented that the labor negotiator was in South America this week due to the fact that he is in the process of adopting a child and after December 14th the entire government shuts down for the holidays.

Mrs. Duryea asked, doesn't sending back the award to the second panel send any message to them at all?

Mr. Sharkey responded, sometimes it does and sometimes it doesn't. At times there are couple of improvements in some, others it seems have just had their pieces re-arranged on the playing board. It is more of a message to the neutral arbitrator on the first panel since it is he/she that basically makes the decision. There is a management arbitrator, a union arbitrator...they tend to always go with their own side, therefore, it is the neutral one who can only make the decision. It won't affect this particular arbitrator since he is the busiest one in the State.

Mayor Dickinson asked if we have a choice of arbitrators?

Mr. Sharkey responded, the list keeps getting shorter and shorter. Most of the Towns are down to two, three or four that they use of the twenty-four available, feeling that others are too pro-management or too pro-union.

Mayor Dickinson stated, that is the message. If we have any choice we don't utilize people who don't seem to operate with balanced standards.

Mr. Killen pointed out that we obviously haven't been getting any messages to him so we can take him off our list.

Mr. Sharkey stated, he has let all the people in our state-wide organization know about this award and how it turned out and it probably changed some of their minds about whether or not he will be used in their towns.

Mr. Zandri stated, if we accept this contract then we are sending a message that we agree with the arbitrators. If you don't agree with this you should be voting no.

Mayor Dickinson stated, these arbitrators have to be appointed and communication with the appropriate authorities in Hartford can influence that appointment process. That is a very direct statement on where accountability should be. He did not think that any action

on this contract will necessarily change anything with any of the individual arbitrators. His difficulty with returning it to a second panel is that the second panel will use the same standards that the first panel utilized. We could end up losing more than we can win.

Mr. Zandri stated, maybe if we send this back and we lose, when the issue of privatization comes before this Council we will take it seriously. The issue will come before this Council in the very near future.

Mr. Zappala stated, when I listen to the attorney we hire and pay good money for telling me that it is a losing proposition to send it back to a second panel, it is a no win situation. He is very much against the contract and would like to send it back if he thought we had a chance of winning something.

Motion was made by Mr. Gouveia to Reject the Award in Case #9293-MBA-269 of the State Board of Mediation and Arbitration and in Particular Reject the Awards on the Following Issues: All for the reasons recited by the management arbitrator in his dissent to these awarded issues, seconded by Mr. Zandri.

Mr. Gouveia pointed out the following information: In 1989-90 forty-eight employees were members of this union with the average salary of \$35,000. In 1994-95 fifty of the employees are members of this union with an average salary of \$55,000 so over a course of five years their salaries have averaged a \$20,000 increase. In reading all of the material supplied on this contract he prayed that some of these requests were simply the product of two or three radical members of the union negotiating this contract and not a product of the rank and file for if it is it demonstrates an arrogance that he has never before witnessed.

Frank Wasilewski, 57 N. Orchard Street stated, if you (the Council) vote for this I don't want you on my team because you are all losers. You are afraid to take a chance. Wallingford should go up and fight this with everything you have because Wallingford is right and the members of this union are wrong (applause).

Philip Wright, Sr., 160 Cedar Street stated, there is another side to this and that is to look North to Meriden where the municipal government in that town continued to give increases, mismanage things in the town to the point where it just about shut down less than a year ago. There were grave concerns about people losing their jobs, getting fired, demoted, etc. If I sat there as an employee in that union, I suspect that I would fight to get every darn red cent I could get and this Town would give me. The Town has asked for what they have gotten and the employees cannot be blamed. If you have a deep pocket and they keep going to it and you do nothing about it, don't blame them, blame yourselves.

IT IS NOTED THAT SIX AFFIRMATIVE VOTES ARE REQUIRED TO REJECT THIS CONTRACT.

VOTE TO REJECT THE CONTRACT: Duryea, Gouveia, Killen, Solinsky and Zandri, aye; all others, no; motion failed.

ITEM #4a Consider and Approve a Transfer of Funds in the Amount of \$127,668 from Contingency General Government Acct. #001-8050-800-3230 to Various Salary Accounts within the Budget - Personnel

Motion was made by Mrs. Duryea, seconded by Ms. Papale.

Mr. Solinsky asked, what would happen if this award is not funded?

Mr. Sharkey suspected that the union will file a prohibitive practice and an agent from the State Board of Labor Relations (SBLR) will be down to visit Mr. Sharkey and a representative of the Council.

Mr. Solinsky asked, what would prevent the Town from giving unpaid days off if this transfer does not pass?

Mr. Sharkey responded, he thought that the argument would be that the money is already there in contingency and that it was not voted to fund the award as opposed to, at budget time, decide to not fund something in the future. It would be viewed as an "after the fact" act.

Mr. Solinsky asked, would that be the best argument?

Mr. Sharkey stated, that is how they (SBLR) would see it.

Mr. Solinsky pointed out that the dollars are in the contingency fund but the Council was never told that a specific amount was put in there for this arbitration award.

Mr. Sharkey responded, this particular account exists for all unsolved labor contracts as opposed to the Contingency, Reserve for Emergency Account.

Mr. Solinsky stated that it is only funded for a 3.25% increase when the award is for more.

Mr. Sharkey stated, even though the award came in higher than budgeted for, the budgeted amount for this account was still enough to cover it.

Mr. Killen stated, everyone is afraid to test the waters. The second panel has developed a reputation without even earning it.

Mayor Dickinson stated, the rule is that we have to finance the contract. By stating that we are not going to transfer funds will not withstand the other side's arguments that it must legally paid.

VOTE: Papale and Rys, aye; all others, no; motion failed.

ITEM #4b Consider and Approve a Budget Amendment in the Amount of \$2,612 from Town of Wallingford Contribution Acct. #012-1040-060-6000 of Which \$1,401 is Transferred to YSB Director Acct. #012-9000-100-1200 and \$1,211 is Transferred to Program Coordinator Acct. #012-9000-100-1360 - Personnel

Motion was made by Mrs. Duryea, seconded by Ms. Papale.

VOTE: Papale and Rys, aye; all others, no; motion failed.

PUBLIC QUESTION AND ANSWER PERIOD

Bernadette Rhenda, 753 N. Main Street Ext., complained about the accumulations of litter in the area of where the new K Mart wants to build.

Frank Wasilewski, 57 N. Orchard St. stated that it is about time the Town is re-structured to eliminate some of the positions that we are granting raises to each year. It should start in the Mayor's Office. He is the Chief Executive Officer and certainly he must know how these people perform and whether or not we really need them. Our grand list is not growing enough to take care of these raises we are giving out. Ever since the Mayor has been in office the grand list has ceased to grow and the raises continue to be given. A lot of the senior citizens have to use their savings to survive so that the employees can have a raise. Somewhere along the line you have to say enough is enough, Mayor.

Alta Moran, 76 N. Airline Road stated, the sign is still there and she has not heard a word from Mr. Mantzaris (see November 22, 1994 Public Question and Answer Period comments).

Philip Wright, Sr., 160 Cedar Street wondered what is in the minds of the four Councilors who voted not to reject the management contract. He informed them that it will not be good come next November.

Linda Adamo, 20 Bonnie Court, spoke in support of the school building expansion project. She was concerned with the overcrowding issue and the fate of the middle school portion of the expansion project. She urged the Council to do their homework on this issue, visit the schools and study the enrollment figures to see the need for changes and to vote yes for this project in January. Rejecting this project will mean that you have turned your back on the number one priority in Town, the children.

Jeremy Delibro, 419 S. Main Street, eighth grade student at Dag Hammarskjold Middle School stressed the importance of the school building expansion project. He stated, being an eighth grader he will not be effected by this project. It will, however, effect future generations. He currently has a brother in the fourth grade at Rock Hill School and his generation has more students than past generations. Right now, in his Algebra class he has twenty-eight students and only twenty-seven desks. One child must sit at a table. The number of students this year is approximately 750 but the next

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year's estimation is about 800. In years to come the numbers will grow. All lockers are presently being used. How will we accommodate fifty new students? The same rule applies to gym lockers. His school is already short six classrooms and next year that number will rise to eight. We have two wandering Spanish teachers who only have a cart. They are losing valuable classroom time because of travelling and setting up. We have three portables and a wandering Health teacher. The auditorium can only fit one-third of the students. The cafeteria has long lines and no seats. Imagine the overcrowdedness in three years. The computer room is small, has no teacher and has only a few computers. There is no conference room space available for the guidance counselors to both have a meeting at the same time. He left the Council with this thought, I am your future and the elementary school children are my future. Are you willing to deprive the children of Wallingford a proper education which they deserve? (applause)

Kelly Hamelin, Blossom Lane, urged the Council to support the school expansion project.

Marty Petersen, 25 Lincoln Drive, would like to see her children in permanent classrooms vs. portables which overheat quickly and are uncomfortable for them. She urged the Council to stop by and visit a first grade class to view what it is like to have eighty-eight children around your knees. Imagine those children maturing and not having room.

Renee Longo, 5 Pine River Road asked, if you don't do the middle school portion of the project, where do you propose to house the children who are actual live births right now? She urged the Council to support the two additions to the middle schools as well as the elementary school portion of the project.

ITEM #8 Consider and Approve a Lease Agreement Between the Town of Wallingford and the Visiting Nurses' Assoc. for a Term of One (1) Year to Commence September 1, 1994 - Mayor's Office

Motion was made by Mrs. Duryea, seconded by Mr. Rys.

VOTE: Zandri, no; all others, aye; motion duly carried.

ITEM #9 Remove from the Table to Consider and Approve a Transfer of Funds in the Amount of \$799 from Full-Size Van Capital Acct. #2020-999-9902 to Maintenance of Vehicles Acct. #001-2020-500-5000 - Animal Control Officer

Motion was made by Mrs. Duryea to Remove This Item From the Table, seconded by Ms. Papale.

VOTE TO REMOVE FROM TABLE: All ayes; motion duly carried.

Motion was made by Mrs. Duryea to Approve the Transfer, seconded by Ms. Papale.

Shirley Giannotti, Animal Control Officer stated that the 1987 Dodge truck used by her department required major work this year, depleting the account.

VOTE: Killen and Zandri, no; all others, aye; motion duly carried.

ITEM #10 Consider and Approve a Waiver of Bid for Health Insurance Consulting Services with Segal Company for Fiscal Year 1994-95 - Personnel

Motion was made by Mrs. Duryea, seconded by Mr. Knight.

Mr. Knight asked Mr. Sharkey what he expected the Segal Company to do for the Town this year?

Tom Sharkey, Acting Personnel Director responded that the Town contracted last year for the Segal Company to perform a health insurance study. As part of that study they acted on our behalf when it came time for rate increases. Last March Blue Cross/Blue Shield was quoting a 0% increase in our rates, however, with the help of the Segal Company we were able to obtain a 5% decrease in our premiums, representing approximately \$350,000 in savings. If they were that good for us last year we would like to have them review our rates again this year.

Mr. Knight asked if the Segal Company has been requested to perform a comparison with any other plans or consider self-insuring part of our benefits?

Mr. Sharkey responded, yes, we are still in the process of that.

Mr. Knight asked, when do you anticipate results?

Mr. Sharkey answered, yes, sometime in the Spring. One of the suggestions that the Segal Company made and the Town incorporated into the negotiation process was cost-containment. We obtained that with Local 1183 and the recent award this evening. They also recommended moving along in preferred provider networks which we are getting into the contracts slowly that could save another 5%. We continue to look at the issue of administrative services only which is a type of self-insurance and the jury is still out on that one.

Mr. Knight asked, is the Segal Company going to be the jury, so to speak?

Mr. Sharkey answered, not really, they will make the recommendations and a number of people, i.e., Mayor, Board of Education, Director of Public Utilities, etc., will weigh all of the information to see if it does us any benefit.

Mr. Killen asked, how did we come to hire Segal Company to begin with?

Mr. Sharkey stated, they have been our actuary for twenty years. We have always been very happy with their work. They provide this type of service to many towns and cities throughout the State.

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Mr. Killen pointed out that the funds have already been set aside in the budget for Segal's services for the next year. That figure was arrived at by soliciting an amount from Segal as to how much they would charge for offering the same service for an additional year. That figure is now known to all potential bidders.

Mr. Sharkey stated, the amount quoted by Segal may be considerably less than another firm offering the same service due to the fact that a lot of the "leg work" has been performed by Segal in their compilation, understanding and digestion of the information. Someone else would have to compile the data, review it for the sake of gaining an understanding of it and then digest it. They may do a better job at a higher price to us for repeating the work of the Segal Company.

Mr. Killen stated that the danger of waiving a bid constantly is that the company can develop an attitude of lowering the cost for the first year or two and making it up in the long run if the Town follows suit by contracting with them yearly.

Mr. Sharkey responded, originally it was a one-time deal but since we have realized that it involves this kind of potential savings, we felt we would try it again. It does not mean that we are necessarily going to go back next year and/or the year after that.

Mayor Dickinson stated, one of the primary functions is to complete our Administrative Services review and they are already involved in that. It would be in our interest to retain their services for this year.

VOTE: All ayes; motion duly carried.

ITEM #11 Consider and Approve a Transfer of Funds in the Amount of \$3,000 from Health Insurance Acct. #001-8041-800-8300 to Physical Exams Acct. #001-1590-500-5750 - Personnel

Motion was made by Mrs. Duryea, seconded by Ms. Papale.

VOTE: Killen and Zandri, no; all others, aye; motion duly carried.

ITEM #12 Consider and Approve a Transfer of Funds in the Amount of \$1,569 from Contingency Reserve for Emergency Acct. #001-8050-800-3190 to Risk Manager's Salary Acct. #001-1620-100-1200 - Personnel

Motion was made by Mrs. Duryea, seconded by Mr. Knight.

Mr. Zandri asked Mr. Sharkey for an explanation of this matter.

Mr. Sharkey explained that the Personnel & Pension Appeals Board recently had two appeals presented to them by two of the Town's managers who felt that their job rating was incorrect. The Personnel Board met twice and heard the cases. The first appeal was denied and the second one was denied on one count but the Board agreed with the grievance on the second count which was a change in grade level. That change rated the manager at a higher level that gave him an additional thirty points in the grading system which was enough to

raise his overall pay grade. He had originally been towards the top of the paygrade that he was in and this was enough to push him up to the next one.

Mr. Zandri asked Mr. Sharkey to explain the decision-making levels and did they change from one year to another?

Mr. Sharkey answered, they hadn't, but he was rated in a level lower than what he was actually doing. The Personnel Board looked at the so-called job matrix. What happens is the job is broken down, in this case, into nine factors i.e., decision-making, physical exertion, knowledge and skill, etc. Within each category there are varying levels of which the job is assigned to one of those levels. The individual grieved the level to which his job was assigned, presented his case to the Board who agreed with him. Nothing, in essence, changed with the manager, the manager charged that the original rater, the outside consultant who performed the management study, had placed him in the wrong category for that particular factor.

Mr. Zandri asked, why type of decision-making would make one person different from another?

Mr. Sharkey responded, the amount of money that you can commit to, the sorts of actions or policies...some people have no decision-making ability, everything is cut and dry and they follow a routine. As you go up the ladder you will find managers who initiate policies, commit the Town to certain actions and everything in between. Depending on which job system you use, the positions can be very fine-tuned to ten or twenty levels or more general and down to four or five levels. Someone who runs a major department makes a lot more important and far reaching decisions than someone who may be an accountant in the Finance Department who may make decisions but not at the same level.

Mr. Zandri asked, where was he placed before and where will he be placed now?

Mr. Sharkey stated, he was previously at level three which is more for entry-level people and now he is at a level which more accurately reflects what he is doing which is settling workers compensation claims for large amounts of money, dealing with multi-million dollar policies for liability insurance for the Town, etc.

Mr. Zandri stated that he did not think the job had changed.

Mr. Sharkey stated, it didn't. The grievance was that the rating was incorrect from the beginning.

Mr. Killen asked, from what account should this transfer come from since the transfer lists one account title and another's account number.

Mr. Sharkey asked that it come from the Contingency General Government Account.

Mr. Gouveia asked, how could the results from a management study be grieved since it was not part of negotiations but rather something

that the Town went into unilaterally and willingly?

Mr. Sharkey responded, according to the Chairman of the Personnel & Pension Appeals Board classification can be grieved at any time. The management study is now three and one-half years old and the timing on this issue is so far over the limit that Mr. Sharkey thought it could not possibly be grieved. The first case went through the grievance procedure up to the American Arbitration Association (AAA) and was ruled non-arbitrable because it was not in the correct form. The arbitrator stated that any classification/re-classification is covered under the Personnel Rules and Regulations and the Charter of the Town because we have a Personnel & Pension Appeals and by Charter that is one of the issues that they deal with, classification issues. According to the Chairman of this Board, who has tremendous experience in what this is, which is called Wage & Salary Administration, it can be grieved at any time. It does not mean it is correct, but there is no time limit on it.

Mr. Gouveia asked, was that labor grade down-graded, upgraded or did it stay the same after the management study?

Mr. Sharkey answered that it stayed the same.

Mr. Gouveia stated, then there may have even been an increase?

Mr. Sharkey stated, yes.

Mr. Gouveia stated, there were one or two that were downgraded if I recall and aren't we then opening ourselves up for more grievances?

Mr. Sharkey answered, that is always the issue. We made that point before the Board that one of the problems is that everyone can then show up tomorrow grieving the same thing. He stayed with the Board all the way and a tremendous amount of hours were invested in both of the cases with the two individuals. The Board is familiar with the system and how it works and whether or not the claims have substance to them. At the time the study was released there were grievances filed. One was a class action grievance for the employees of the Electric Division which went nowhere while the other was filed by the union president which also went nowhere.

Mr. Gouveia recalled that the cost to the Town for the management study was in excess of \$250,000 and this is now a kick in the face for giving this extra money, above and beyond what was negotiated. Someone is willing to admit that the management study is somewhat flawed.

Mr. Zandri referred to Mr. Sharkey's comments with regards to the decision-making responsibility for workers compensation cases and asked, didn't the Town hire a firm to handle the workers compensation cases?

Mr. Sharkey stated, to handle the administration of the actual claims. Whether we will settle a claim entirely and for what amount, this manager's position has everything to do with that.

Mayor Dickinson stated, the outside firm is an outside contractor who has to be supervised by what ever department is responsible for that area of concern. In this case the supervision is the function of this position. We never delegate full authority to outside contractors.

Mr. Solinsky thought that the workers compensation department in Hartford or whomever administers it up there, handed down the award and we had to pay what they say we have to.

Mr. Sharkey answered, they make recommendations which we can or cannot follow. That is why we have the Risk Manager to give us another opinion as to what they are recommending. Most grievances contain language stating that if the union is not happy within two weeks or ten working days they can then file for arbitration with the State or AAA. It is normally two weeks or thirty days in a non-contract, but certainly not three years. The timing in this issue is very obviously out the window. Since it dealt with classification which can change at any time, by new duties being introduced or by incorrect evaluation, we were told it can be opened up at any time on the Town's level, not the State level.

Mr. Killen asked, wasn't the issue of time limitation addressed in the recent arbitration award just before us?

Mr. Sharkey stated, originally the union wanted an open-ended grievance filing period, however, the Town fought against it for the mere fact that the meter runs for the entire time. The arbitrator saw the logic of the Town's stance for someone can "hide their wounds" and let the meter run for ten years. He informed the Council that he has been told that another grievance is to be filed in January or February. That grievance is being filed because that particular individual's job has supposedly changed and new duties have been added.

Mr. Knight asked if there is an average number of appeals that the board hears in a given year?

Mr. Sharkey stated, this is the first two filed in the seven years that Mr. Sharkey has worked for the Town.

Mrs. Duryea asked, if this transfer does not pass tonight, what will happen?

Mr. Sharkey was not sure. The Personnel & Pension Appeals Board has jurisdiction over this area. He is not sure how that matches up with the Town Council...who has precedent over whom?

Mayor Dickinson stated, under the Charter they have the authority to make rulings on this. There is nothing in the Charter that I would see that allows anyone to supersede or veto an action of that Board.

Attorney Small stated, if you go to Supreme Court you would have to show agrievement and also they would basically defer to the Pension Board unless they did something arbitrary. There is no remedy in the Charter, itself so that (court) is where you would have to go if you

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had standing to go there and she was not sure that there would be standing to go to court from here.

Philip Wright, Sr., 160 Cedar Street asked, how is the Personnel & Pension Appeals Board constituted?

Mr. Sharkey responded, there are three people appointed by the Mayor to serve a five year term, staggered, and there are two regular members and a special member for pensions who are voted on by the classified service. Their terms are also for five years. If it deals in a non-pension matter then it is a five member board. If a pension is involved then the sixth member comes in and it then is 50% appointed and 50% elected. The Council confirms the Mayoral appointments.

Mr. Wright asked, is the benefactor of this decision also a benefactor of the dollars that were just handed on the infamous night of 12/13/94 (management contract arbitration award)?

Mr. Solinsky stated, yes.

VOTE: Gouveia, Killen, Solinsky and Zandri, no; all others, aye; motion duly carried.

(Mr. Gouveia had mistakenly voted yes on this item, realized his error and asked if anyone objected to him changing his vote to no. Since no one had, the vote is recorded as a no.)

The Chair declared a recess at this time to share in a small holiday celebration with the public.

ITEM #6 Discussion and Possible Action on the Newly Accepted Purchase Power Contract Between the Public Utilities Commission and CMEEC-NEU as Requested by Councilor Peter A. Gouveia

Motion was made by Mrs. Duryea to Hear Discussion, seconded by Mr. Killen.

Mr. Zandri stated for the record that due to the nature of this item he will excuse himself from participating in this topic but he will be back on this issue after tonight once the item is finalized.

Mr. Gouveia stated that on November 29th he, along with several other Councilors, attended a Public Utilities Commission Meeting where the CMEEC-NEU proposal was approved. He listened particularly to the presentation made by the P.U.C. staff, to the members of the public and also a representative of Dreyfus. As the meeting evolved he became convinced that it would have been in the best interest of the Town of Wallingford if the P.U.C. were to postpone their vote for perhaps thirty days later. Several members of the public present that evening made several valid arguments regarding the people's lack of information, understanding and knowledge of the proposals. The representative from Dreyfus made an excellent presentation. He was, indeed, very informative. At least some of the information he

presented appeared to be contradicting some of the previous information that had been made by the P.U.C. staff. He reiterated that it appeared to be contradicting for that is the impression he received. The representative from Dreyfus also made what he thought to be a very reasonable request which was to give both parties and/or other parties thirty days to submit sealed bids which then could be opened and available for public scrutiny. He felt that was a reasonable request. Other Councilors present felt that the Town had nothing to lose by waiting the thirty days as well. He confessed that he did not speak at the meeting because he truly felt that it would have been an exercise in futility. The actions of the P.U.C. are quite predictable. A vote would be taken that night, we would know who would make the motion, who would second it and we would know the final vote. Even if a vote to override were taken and successful, the final result of the P.U.C. would have been the same. He truly feels that it is in the best interest of the Town to inform the people, the ratepayers and the taxpayers who are affected by this contract. There were several people at that meeting who stated that they had no idea that the meeting was to take place, there were some that indicated that, generally speaking, they receive an agenda for the P.U.C. meetings yet did not receive one for that meeting. He felt that the best he could do was to request that the Council pass a resolution requesting the P.U.C. to present the full details of the contract before the Council for the benefit of the public present and those who will watch the televised broadcast of the meeting.

Mr. Solinsky asked Raymond F. Smith, Director of Public Utilities if he has, at this time, signed the contract with CMEEC-NEU?

Mr. Smith responded, he signed contracts with NEU but not with CMEEC. If the CMEEC contract is not signed then the NEU contract is invalid.

Mr. Solinsky pointed out that the Council has until tonight to override the action of the P.U.C.

Mayor Dickinson stated there is a thirty day review period for the CMEEC portion which would run after it was filed with the Town Clerk as a public document. The Council has thirty days to override that action.

Mr. Solinsky asked, if the Council did override the CMEEC contract then the NEU contract issue would become moot?

Mayor Dickinson responded, yes.

Mr. Killen suggested that the Council vote to veto the P.U.C. action. He is sure that this is the end of the fifteen days to override P.U.C. action and is not sure of the thirty day rule. He has been looking for a public presentation from the start. This plant belongs to the people of Wallingford and the only way it can be sold is by the people voting on a referendum and if we are not familiar with what we are doing and we don't do the right thing there may not be any referendum necessary, we may not have a plant. The only way to learn something is to hear the two sides of it and have the two antagonists face one another.

Mr. Solinsky asked Mr. Gouveia to what depth of a presentation he

wished to have given?

Mr. Gouveia requested that the type of presentation be given that the average taxpayer/ratepayer could understand, i.e., how much it will save the Town, what is the total cost of the contract, etc. We should do everything that we can to make sure that they have an opportunity to learn all they can about this very important issue. We should not do what the P.U.C. did which was to call a meeting that no one or at least very few people knew about. He was sure that there was no wrong doing, they met the letter of the law, however it is not affording the people an opportunity to listen to the contract.

Mayor Dickinson asked that the Council keep in mind that there are two facets, one is the legal impact and the other is the public information aspect. The legal impact is a separate issue and undue delay in executing and completing the process of entering a contract does have legal consequences. If it is public information that is requested and certainly the P.U.C. meeting was a public meeting, there was dissatisfaction over the amount of notice given but it was a legal, public meeting. Anyone could have attended who wanted to. If we want more people to understand then it is good to have it televised and allow people to listen to what it is all about. If we confuse the legal side and public information issue and disrupt the legal side in order to simply provide public information we will be doing a disservice to the Town. Unnecessary delays in completing the contract will cost in terms of benefits.

Mr. Rys stated, there were two articles that were placed in the newspaper, one today and one yesterday, that indicated that the public can attend this meeting for information, is that correct?

Mr. Solinsky responded, yes.

Mr. Rys stated that all of the P.U.C. notices had been posted as required by law. The public was unaware of the meeting because the newspaper was short staffed and did not visit the Town Clerk's Office and see the notice of the meeting. The P.U.C. is not responsible for the newspaper. We had two notices in the paper for tonight's meeting yet there are only a few more people here. There is no overwhelming crowd here tonight.

Mr. Gouveia stated, his action being requested this evening does not preclude the P.U.C. from signing a contract. We are not losing anything. The only thing we can do at this point, short of referendum, is to try and override P.U.C. action. If we don't do that then they will go ahead and do what ever it is that they would do anyway. His action only asks them to come before the Council while it is televised and make a presentation of the contract. He attended one executive session and there was not enough time and information to absorb everything. He is not doing it for himself but for the people who deserve to know what the contract entails. He was not aware that the public notice was going to be published in the newspaper until he saw it today at 4:30 p.m. You cannot rely on the newspaper to give out information that is vital to the citizens of the Town. They posted their meeting to meet the letter of the law on Wednesday,

however the Town Hall was closed on Thursday, Friday along with the weekend. You could not come into the Town Hall to see if the meeting was posted. People who ordinarily receive agendas for the P.U.C. meeting did not receive one for that meeting. There is no wrong doing intended but by the same token it raises suspicions that people want to do things behind closed doors.

Mr. Solinsky requested that Mr. Smith give a summary on the cost to the Town if there is a delay in signing the contract.

Mr. Smith explained that there are certain benefits that would not flow through to Wallingford should the contract be delayed beyond the January 1st or 15th date (there is a window allowing for the additional 15 days for the Council to overturn the action of the P.U.C.). The first benefit to be jeopardized would be the \$250,000 cash contribution/payment that flows to the contract. Secondly, the benefits of the newer cost would not start. Those numbers could be in the order of \$600,000 - \$700,000 per month of benefits that would not be appreciated. In addition, there is another provision within the contract that certain dollars are conditioned in the first year on the signing/executing of the contract for a January 1st implementation date.

Mr. Solinsky asked if Mr. Smith can speak to the new contract, give a summary presentation on it?

Mr. Smith, although he did not come prepared for one, gave the Council a brief synopsis of the process. The P.U.C. authorized Mr. Smith to execute a contract with Northeast Utilities and CMEEC (CT. Municipal Electric Energy Cooperative) which will provide for power supply well into the next century. The contract was a culmination of many discussions, negotiations, numerous meetings, reviews, analysis and evaluations. What Wallingford will benefit is by reduced costs over existing contract to the tune of well over \$40 million of net present value savings over the next ten years. If it goes beyond that those savings appreciate even more. The total expected/projected expense during that time is somewhere in the order of \$360 million to \$370 million dollars of expenses to the year 2006. What we have attempted to do is establish a new power supply arrangements that takes into account the number of items, not only the cost, but flexibility, reliability, risk, experience and obviously the cost. The recommendation was made, after consideration of several proposals over the last year that we received, the bottom line, the two main contenders for that were the CMEEC/NU (which requires an underpinning or basic foundation of resources from Northeast Utilities who is our existing supplier) and a new player in the marketplace, Louis Dreyfus Electric Power which is a subsidiary of the Louis Dreyfus Corporation. What we were trying to achieve on behalf of the ratepayers was to continue our retail rate advantage our customers currently enjoy which is a 30-40% rate advantage (residentially) over surrounding customers and towns and to begin phasing out the Pierce Plant in its present status. We continue to spend significant sums of money for the plant to maintain it in its current status and it has been beneficial because we have been able to achieve some cost benefits through our existing contract to offset some of the operating

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expenses that they have. In addition to the annual operating expenses we are facing some significant capital expenditures for that facility just to keep it in its present condition, not to improve its ability to generate. As indicated, again, the goal is to continue to allow our ratepayers to have a significant advantage of having a local utility and keep our rates very, very competitive and allow us the flexibility to do some new things in the marketplace to respond to customers who are looking for rate stability, longer commitments on pricing, especially in the large commercial and industrial sector. He believes that this contract will provide that flexibility. The arrangements that he has recommended involved becoming a participant, not a member, of CMEEC and that is based on the availability of a large block of resources provided by Northeast Utilities that a large block of fixed price resources allow CMEEC to offer us some very significant price reductions in the early years of this agreement. Currently, our average rate per kwh purchased over the last twelve months ending October 1994 was 5.61 cents per kwh. The new contract, the first year the prices are estimated to go down to 3.9 cents per kwh. They would rise from that point in the second year it will be about 4.05 cents per kwh and in the third year they go out to about 4.3 cents per kwh and they will continue to rise through the rest of the decade getting back to the current level at about the year 2000. The contract is an extremely complex set of documents that were developed in conjunction with Attorney Robert O'Neill who has been representing the P.U.C. for some time. Mr. O'Neill was with us for the last rate case and is as knowledgeable in this business and has negotiated hundreds of contracts of similar nature. Some of the other points of the contract that should be highlighted are lower costs that we are planning on receiving which will allow us to revamp our retail rates. He was not sure what the impact is to the typical customer for it will depend on the result of the study to re-allocate cost, based on a cost of service study. Again, we will look at certain customers and try to establish a unique contract with them. If they are willing to commit to certain levels of power then we will be able to establish those prices for perhaps up to five years. The ability to do that is predicated on having a real handle on where our wholesale power costs are which represents 70% of our cost. In addition to the \$250,000 payment for initiating the contract January 1st, part of the arrangements include a new substation allowance of up to \$4 million for a new interconnection substation which we have identified in our capital budget last year as needed in our Southeastern section of Wallingford. This will strengthen our distribution system, allowing us to phase out a number of the older substations which are approaching 40-50 years of age. Recently we removed a station on East Center Street and Long Hill Road that had been in operation for a long time. Our plan is to phase out some of the smaller unit substations from the system and strengthen the 13.8 K.V. system with a new interconnection station. He believed that the contract provided flexibility in many ways, one of which allows the blending of the loads of the six municipal systems in Connecticut, the five existing members and Wallingford, as participants with CMEEC, allow them to shop the market for some short-term power exchanges to enhance the benefits of the contract. The contract estimates on savings are conservative and he fully expects to do better than that. Again, it is a long-term commitment that the ratepayers will ultimately benefit from by having stability in rates and resources.

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Dave Gessert, P.U.C. Commissioner stated that this has been an ongoing process for over one year and Mr. Smith has committed hundreds, if not thousands, of hours to the process....Mr. O'Neill has been intimately involved in the contracts and negotiations and Mr. Gessert did not think it was fair to imply that the P.U.C. is taking this responsibility lightly, or they don't realize the seriousness or awesomeness of this contract for this does have very positive long-term effects for the Town. You don't see too many towns around looking at long-term rate stabilization or potentially decreasing costs of anything involving government. All you see is costs going up. Here we are looking at long-term power supply contracts that are not only going to benefit residential customers but also significantly benefit our commercial and industrial customers. They are going to allow us rate stabilization, to be more attractive to companies moving in, help economic development in the Town of Wallingford for companies who want to move here. This contract will allow us to offer some long-term fixed rate pricing that will attract large customers that will add to our power base. We have taken this very seriously and the one thing that we haven't done is kept anyone out. In the past year two to three executive sessions were held in Room #315 of this building which started approximately 6:30 -7:00 P.M. and ran in excess of 9:30 - 10:00 P.M. The Council was fully aware of where we were going, how we were going to get there and what train we were riding. We have made a conscientious effort to invite the Council to these discussions so that the Council knew exactly where we were going. We informed the Council of the types of players that were interested in supplying power, the pluses and minuses of those players, when the number of players changed we addressed where we were going exhibiting graphs and illustrations of where costs were going, where they were now, what the differences were, etc. When we had the meeting here several weeks ago, it was a public meeting, people were welcome to attend and ask questions. Did we go and pass out copies of the contracts to everyone?, no. This has been a negotiated process. At no time during this process has one party's proposal been shared with the other party. We have not only depended on Mr. Smith's expertise and ability but we have also gone to outside experts such as private consultants.

We have had two private consultants review both proposals, review the numbers, go through all the additions and make sure that there were no serious flaws and nothing overlooked. At the last meeting we heard two complaints, one that there was not enough public notice - there was not an article or ad in the newspaper and not enough of the general public attended. Be that as it may, there was an attempt to get an article in, it didn't make it, there was no ad placed and there were a limited number of members of the general public here that evening. Subsequent to that you, the Council, elected to put an ad in the paper and bring the subject back for discussion. The ad was placed, the public was invited, some have elected to come and some have not. The second item brought up that evening was that one of the vendors was concerned that independent consultant may not have understood their proposal. During the past week an independent analysis was done out in the middle of the country. One of the vendors took it upon themselves to fly out there to make sure that the independent consultant fully understood his proposal. That was his right to do so. We have gotten both studies back, verified the numbers reviewed previously and still feel that the decision the

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P.U.C. made was the right one, the best one for the Town of Wallingford and in the long-term best interest of our customers. You appoint a P.U.C. and ask us to go to work for the Town, to supervise staff, hire personnel, an independent consultant and experts, where needed. We have done that. We have lived up to that responsibility and taken action, as required to. To delay this week because there is less than fifty people here and then to postpone next week because there were not one hundred people....makes no sense. You do your homework, double-check it, make your decision and run your community. We have lived up to that responsibility.

Mr. Killen stated, he has been trying to get a special meeting together on this item and he appreciated the fact that Mr. Solinsky advertised this meeting. He remarked, how ironic it is that the P.U.C. also had an ad in this morning's paper four times the size of our ad telling us how our electric rates compare with others. He was not sure what that did for anyone in Town. That ad does not help anyone, an ad more like the one informing the public of the meeting is more with keeping in the spirit of this issue. He wanted to hear Dreyfus' presentation. At the last meeting the Dreyfus representative made a statement that their firm figures had to be in by November of 1993, is that correct?

Mr. Smith responded, they were not even in the process at the time. In order for me to even consider them, I asked them when they walked in, for we were in the midst of some negotiations and for me to even consider them they would have to show me something.

Mr. Killen asked, when did they (Dreyfus) walk in, what date?

Mr. Smith responded, October of last year.

Mr. Killen asked, you were negotiating already?

Mr. Smith answered, we were in the process of negotiating, yes.

Mr. Killen asked, had you gotten the waiver of the bid yet?

Mr. Smith stated, no.

Mr. Killen asked, if you had continued negotiations up until the week before the request was made to waive the bid and the Council turned down your request, what would you have done with the firm figures you had on the table at that time?

Mr. Smith answered, they would have been meaningless.

Mr. Killen pointed out that they could have been leaked out and we would have lost the whole process. The process was somewhat flawed. He did not dispute the fact that there will be a savings under the plan chosen. If under your plan that we have adopted we are going to have savings, can we then make more plans here, here and here. If we can, that is what I am interested in.

Mr. Zappala asked, did you hire a consultant since the last executive

session with the Council?

Mr. Smith responded, Atty. O'Neill, in his part of due diligence, went out and hired a consultant through his firm to re-confirm numbers. The numbers were basically correct. There was a little movement of approximately 1-2% difference.

Mr. Zappala asked, does it re-establish your feeling towards CMEEC?

Mr. Smith answered, there wasn't anything that came out of the second analysis to make him change his opinion and his recommendation still stands.

Mr. Knight stated that the Council has spent a good 8-10 hours in the company of the P.U.C. in the two executive session plus innumerable conversations over the telephone, etc. It all boiled down to making a decision. He asked Mr. Smith to go over the five factors, of which one was cost, to see how CMEEC/NU came out the winner.

Mr. Smith explained that the costs were relatively close in the long-term net savings projections. NU has been a provider of ours for over 40 or 50 years, we have worked closely with them and have had our disagreements with them and have utilized them in other ways for their services but the experience factor with NU and CMEEC now being an operating entity for fourteen years on behalf of the other five communities in the State, there is a track record there. Flexibility - there are ways of sharing expenses and ability to enhance this deal through power swaps or exchanges, short-term or long-term contracts, etc. There is flexibility in the original contract that if certain things occur, we lose our largest customer to self-generation or something, there is a commitment on the part of NU, not only CMEEC, to take back a significant part of the power supply entitlements that they are putting forward in this contract. The substation is certainly flexibility. In the past we have had to fund our own substation. We have always built our own. That is an internal expense. Reliability, again, speaks for itself. We want the lights to stay on at a very reasonable price. Northeast and CMEEC are committed to its customers. There are risks on both sides that we don't take lightly. There are some in the fuel adjustment factor, perhaps in CMEEC, or some fuel forecast elements, there are risks of stranded investment charges that if we choose a new supplier then we may be subjected to some significant costs for stranded investments, investments made by utilities for customers such as us. This is the debate that is ongoing now at the FERC (Federal Energy Regulatory Commission) of how those expenses may be passed back to customers. There are cases where there have been charges/assessments on that. There are risks as to whether or not the supplier intends to stay in the market for long-term. Utilities have disappeared in the past and new suppliers may or may not be committed to the marketplace. There are risks, that is part of the adverse analysis.

Mr. Gouveia stated, I don't believe, Mr. Gessert, that there were any representations made here, either expressed or implied, that the P.U.C. has taken this issue lightly. What has been expressed is that, yes, it is through their own negotiations conducted in private and

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that all information was kept confidential as it should be to protect the public interest. But when it was appropriate to engage the public he did not think that the P.U.C. took the appropriate steps to do so. The fact is that we have several people that you (the P.U.C.) send your agendas to...

Mr. Gessert corrected Mr. Gouveia by stating that he does not send agendas to anyone. He heard that statement made three times, the P.U.C. agrees that for some reason whomever normally gets agendas did not get them.

Mr. Gouveia reiterated the point that the newspaper did not list the P.U.C. meeting in the part of the paper which normally lists the meetings for the week. There were basically two or three people present who indicated that they have asked for information before but were given patent answer of, "there is nothing that we can tell you for we are in negotiations". He stated that his intent was not to have a presentation tonight but at the next Town Council meeting agenda. For like Mr. Smith, he also was not prepared and ready to ask questions on the contract, however, if a presentation is to be made fine.

He stated, as he listened to the representative from Dreyfus at the last meeting, that there was some information given by that representative which contradicted some of the information that the P.U.C. had given before. The representative indicated that his firm was asked to submit their last, best offer nine months ago. Now it is being stated that both entities were given an opportunity at the very late stage of the game to submit their last offer. Now, something is not coming across clear to me.

Mr. Smith responded, again, the representation made in November of last year was not to make the last and best offer but was to show why the P.U.C. should even consider further discussions with this new player. Clearly, it was not the last and best offer. All throughout the process there were changes of conditions. For example, after the P.U.C.'s August meeting with the Town Council he had the directive to go ahead and finalize contracts with CMEEC and Northeast Utilities even based on the information available at that time. Suddenly early September there was a newspaper article and press release that indicated there had been a change in conditions that might affect one of those offers. A meeting was held that involved the Council Chairman and the Mayor at which time he was asked if it might be worth exploring what this may mean to that particular proposal. We did that. Once that occurred, once that article appeared he was contacted by other representatives asking if people were allowed to change their proposals? We had a proposal on the table. Another meeting had already been scheduled to be held in November and that was decided to be the drop dead date for the last and best offer. People came back, modified their offer, we went into this trying to understand what the Duke (Duke Power) element brought to the Dreyfus proposal. The numbers were modified and we brought back, what he considered at that point to be the last offers at the November 14, 1994 meeting. After that meeting when he contacted the unsuccessful proposer they said they wanted to change things. It took a while but ultimately they sent out some new numbers on Thanksgiving Day. Due to the holiday he

did not have the chance to evaluate them immediately. They were received after what he considered to be the deadline, November 14th. Again, he walked away from the meeting with the direction from the Council and the P.U.C. people that it appeared that was the best direction to go.

Mr. Gouveia asked, both suppliers were given an opportunity to offer their last, best offer by November 14th?

Mr. Smith, yes.

Mr. Gouveia preferred that if there is an action to try and override the P.U.C. decision that it be done with so that he could be more specific on some questions he wished to ask since the subject matter was only previously discussed in executive session. Another contradiction involves net benefit to the Town offered by both suppliers. He stated that the Dreyfus representative has indicated that their contract would offer a \$4-5 million greater benefit to the Town than the CMEEC contract would and asked Mr. Smith to address that statement.

Mr. Gessert stated, there may be a difference in numbers but that is not the numbers the P.U.C. received from the analysis that was done.

Mr. Smith stated, in his opinion they were very, very close and on the last analysis that included the price changes that incorporated the Thanksgiving numbers, the Dreyfus proposal was ahead in cost by what our numbers show to be \$2 million. He did not think that was a substantial number with all the other considerations that go into the decision-making process. He reminded everyone that cost is not the only element. That is not taking into account flexibility, potential exposure for stranded investment charges or additional legal fees that are associated with that. It is strictly a last projected analysis or number from the second consultant to confirm, basically, the first (consultant).

Mr. Gouveia stated, the numbers presented to the Council were much higher than that and was in favor of CMEEC and not Dreyfus.

Mr. Smith responded, the last set of numbers that Mr. Gouveia had available was from the November 14th meeting and were pre-these numbers. Without the price enhancements of the November 25th, the CMEEC numbers were better.

Mayor Dickinson stated, what Mr. Smith is indicating is that the numbers submitted by Dreyfus on the 25th of November after the supposed last, best offers were considered in the review by Guernsey. That is what has changed some of the figures but that was considered in order to determine what the best course of the Town would be. So that is where the numbers changed from the prior meeting.

Mr. Gouveia asked, when was the last executive session?

Mr. Smith responded, November 14th.

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Mr. Knight asked the Mayor to clarify the numbers used by Guernsey.

Mayor Dickinson responded that the Guernsey consulting firm utilized the figures last submitted which was the November 25th. They may have done a separate review of the November 14th numbers, did they?

Mr. Smith responded, yes, they reviewed both sets (of numbers).

Mr. Knight stated, when we are talking about a \$2 million difference we are talking about the last of the last of the Dreyfus offers?

Mr. Gessert added, I questioned should they even have been considered? In his opinion if the last best offer was due on the 14th, you don't come back on the 25th and say, oh, by the way I have a better deal. But to preclude anyone from saying that we didn't listen to their argument, the door was left open to bend over backwards to make the process as fair as it could possibly be.

Mr. Gouveia stated, there should have been no winner until Tuesday, November 29th when the P.U.C. finally took the vote. That is when the winner should have been determined.

Mr. Solinsky pointed out, it is not exactly an auction and there are other considerations other than costs. Even a \$2 million difference may not have made any difference on the other risks involved.

Mr. Knight stated, if I am running a mile run and am told where the finish line is and then as I get to the finish line all of a sudden the other contestant behind me asks that the finish line be moved, I don't think that is right.

Mr. Gouveia agreed with Mr. Knight if that was the situation and shame on them for entertaining another offer. It does not legitimize the process.

Mr. Knight has heard a great deal about the pending deregulation of the utility industry. He stated that it would be useful if an explanation is given for the benefit of the public on what the P.U.C. and Mr. Smith foresees in the next ten to fifteen years with regards to changes in the electric utility industry that the Town should expect to be part of.

Mr. Smith asked that Attorney O'Neill be allowed to explain the situation from a national perspective. Mr. Smith went on to say, yes, the utility business is going through some changes, there is movement towards deregulation, there are new suppliers in the business that did not exist two, five years ago. These suppliers are taking advantage of excess capacity, making deals, buying and selling of capacity and energy on a daily, weekly, annual basis. There are new players in the system, not all utilities. Utilities on the other hand are using subsidiaries to also get into the open marketplace. There is still a regulated environment which utilities are restricted in their operations but to unregulated subsidiaries, utilities are allowed to do new things, i.e., NU has an unregulated subsidiary called Charter Oak Company. Duke Power has a subsidiary called Duke Energy, they

also want to get into the marketplace. They are also considering getting into the exchange, broker, marketing arena, which is again, being allowed to develop in the wholesale transmission market. We are a wholesale customer by FERC standards and we have certain privileges which allows us to go out and shop for better arrangements than our retail customers who are still prohibited from going to the marketplace. One of the reasons that he is concerned is that we take advantage of some of these arrangements so that we can go back to our customers, share the benefits and tie in with them and make a partnership with them to provide some long-term security on some of their rates so that they will remain our customers.

Attorney Robert O'Neill, of the firm Miller, Balis & O'Neill of Washington, D.C. explained that his firm specializes in energy matters. They represent virtually exclusively consumer-owned utilities, municipal utilities, rural cooperatives. Their firm does more work in the gas area than electric. Regarding deregulation, he thinks that it is coming, no doubt to the electric utility industry, we have already seen it in this country with regard to a number of business activities that were traditionally treated as utility activities. Trucking, communications, were deregulated. The FERC, beginning with a series of orders back in the 1980s, began deregulating the national gas industry. One of the major concerns with moving towards a deregulation environment is that, typically in a regulated environment you will have certain suppliers above the market clearing rates and others will be below it which eludes to a competitive environment and we have what they call stranded investment/cost. What happens to that? In the gas situation the FERC makes policy decisions with respect to the allocation of those costs and substantial portions of those burdens fell on small municipal systems. On Friday of last week the FERC received comments on what to do in the electric utility industry with respect to the allocation of stranded investment. The FERC sees this as a transition problem. If we are transitioning from a regulated environment to a competitive one, how do we handle these dislocations? If you have investment which is non-economic, who bears the burden? Is it the customer, stockholder? These are issues that must and will be addressed and there have been some very interesting pieces of analytical work done by economists including Alfred Kahn, Martin Joscow and others dealing with how this will be treated. It is significant in the context of Wallingford because one of the things that Wallingford is seeking to do is transition before the pack. We are not sure what is going to happen ultimately with the regulatory activities. So what we try to do is take action now and by agreement secure a transition into this new competitive environment.....with respect to the arrangements that were before the P.U.C. that were acted upon by them structured a deal with a change in environment and to provide a balanced power supply potential for Wallingford for the long term. As far as the big picture is concerned, a couple of million dollars cannot drive the decision. When you are looking at the power supply for the entire Town of Wallingford and the uncertainties which do exist and the viseration of the regulatory structure that has taken place, you have to look at many other things. We made that effort. It will be a risky and exciting time and Wallingford will be well-positioned to deal with the changes that come for the next fifteen to twenty years.

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Mr. Gouveia thanked Mr. O'Neill for being candid in his answer for it was not too many years ago when experts before the Council told them that within four or five years, meaning 1994-95, that Northeast would be experiencing "blackouts" because the demand was so much greater than the supply. In fact, it was only about four years ago that this Council killed a project that would involve placing an electric turbine at the cost of \$10 million at the Pierce Plant. If it wasn't for that, we wouldn't be talking about these contracts today. We wouldn't be talking about how much money we can save, we would be talking about, how come our electric rates are going up so high when everyone is basically giving electricity out too cheap to meter? He did not want to leave the impression that he favored the Dreyfus contract, he did not know which one he does but it does not matter since he does not have to make that choice, the P.U.C. does. It only matters from the view of the taxpayer and ratepayer and that brings him back to the issue that this is a very important issue and not that what hasn't been done so far isn't good, he was not sure whether his fellow Councilors would agree that it was enough. He thanked Dreyfus for if it wasn't for them this contract would not have been this good with CMEEC. He was not sure whether or not another presentation is still necessary but he will leave his request for one, via resolution, on the agenda to be voted on.

Mr. Killen stated that he would like to hear from Dreyfus before taking any action. He also remembered the gas turbine issue which was killed at the last minute. After that came the L.O.U. (Life of Unit contracts) which were touted as the savior of the world. He recalled one Councilor proclaiming that it was a good thing the turbine was voted in since the L.O.U. was now the way to go. We are not going that way now either. He wondered, if the Council put this option off for two years until the current contract is up that something else may come along that would be better? There is only one reason why someone would move the finish line for someone and that is if he is interested in who won the race. That is the kind of thing we don't need here one way or the other. We failed ourselves by allowing the P.U.C. to waive the bid. Mr. O'Neill mentioned some very specific terms which we should have safeguarded and made sure they were in the contract, however, by waiving the bid there was no guarantee that we could know that those things were going to be in there. The Charter is very specific that the Council can waive the bid for anything over \$2,000 only when it is considered in the best interest of the Town. He did not believe, having read the minutes of the meeting that night, that anything was presented to show that it was in the best interest of the Town other than it was a suggestion from P.U.C. who were going to enter into the contract. Other than that there was nothing to show that it was in the best interest of the Town. We would have been better off with a sealed bid being specific asking, what are the terms, length of the contract, how do you handle stranded investments, deadlines, etc., then if someone starts to take you apart you show them what was bid vs. what was in the specifications vs. what someone else bid.

Frank Wasilewski, 57 N. Orchard Street asked, after the last executive session did the Council have enough information where they could decide who they would want to go with for purchasing electricity?

Mr. Solinsky responded that the question should be posed to each individual.

Mr. Killen answered, no, we did not have enough information. We had enough to decide if we were satisfied that no one could ask the type of question that you never thought of.

Mr. Wasilewski stated, I have always lived in Wallingford and was always proud of our Electric Division but somehow it seems to be ripping him apart because no matter who the Town goes with, Dreyfus or CMEEC, there is not going to be a Pierce Plant as such. This, however, is progress. It was security knowing that the plant was there to produce electricity should there be an emergency requiring such action. Both companies are more or less presenting the same package. With CMEEC, however, we will be joining forces with five other communities and Wallingford. In numbers there is strength. He cannot understand why CMEEC is pushing us up against the wall by telling us to sign the contract now when we will be giving them over \$300 million over ten years. We should be pushing them. No one gives you anything for nothing, whether it be CMEEC or Dreyfus. He favors entering an agreement with CMEEC.

Mr. Solinsky asked what our relationship will be regarding membership with CMEEC?

Mr. Smith answered, we would be a participant and not a member. The five existing communities are members and have certain commitments to CMEEC in the organization. They have power sales agreements that go out for another thirty-five years, our commitment initially would be ten years with rights of extension and right of notice (three years).

Edward Bradley, 2 Hampton Trail corrected Mr. Gessert's comment that the Council appoints the P.U.C., reminded everyone that the Mayor appoints the P.U.C. and the Council approves the appointments. He asked, what is the dollar amount of this contract?

Mr. Smith responded, over ten years it is estimated to be in the order of \$300 million, twelve years - \$370 million.

Mr. Bradley asked, how does it effect the rates, what is the Town of Wallingford's liability in this venture? He wanted to hear from Mr. Myers, Comptroller. How did he know this is the best contract for the Town? He asked if there was a public hearing on this issue?

Mr. Solinsky responded, the P.U.C. had a meeting on November 29th.

Mayor Dickinson stated, there was no requirement for a Public Hearing. It was discussed at a public meeting.

Mr. Bradley stated, the P.U.C. has had ample opportunity to advertise the issue. They do put out a newsletter quarterly and he did not recall reading anything on the issue. That would have been a good vehicle to bring the information to the owners (taxpayers) of the utility that the P.U.C. was contemplating a new contract. It is also ironic that we have a school building project of \$27 million,

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minuscule, compared to what we are talking here, and there has been much publicity on it. The Board of Education is holding Public Hearings on it, yet we have something of this magnitude and not much of anything is being said. He urged the Council to hold a Public Hearing on this issue of such magnitude so that the public and true owners of the utility know what is going on.

Philip Wright, Sr., 160 Cedar Street stated that this has not been an open process. The die was cast pretty much in the beginning and what has been done here, tonight, is to testify action that has already been taken. There is no doubt about it, everyone can point to the rights and legalities but he did not believe the moral aspects of this has been properly dealt with. We have actions of legal giants who are moral pygmies. We are not really considering what is in the best interest of everyone in Town, free, open discussion concerning this issue. We have not heard anything from Dreyfus tonight. Until that is done he believed there will be the appearance of something having been not quite kosher. The Council should do what ever is possible to make sure that the light of day is shed on this subject.

Gus Porter, President of Connecticut Steel, was present representing 197 employees of which 126 are Wallingford residents and taxpayers. He is the largest bill payer in Town and one of his principle interests is to make sure that he has secure power where what ever deal is struck today, he can count on being in place over the next several years. From having conversations with Mr. Smith, a proposal is coming from the P.U.C. from his standpoint it gives his business a chance to continue to grow here. In the overall scheme of things, \$2 million, less than 1%, if it turns out that this gives you more secure sources, from our standpoint it makes sense.

Mr. Solinsky asked if the Council would like to hear from the Dreyfus Company at this time.

Ms. Papale stated that the Council has already heard from Dreyfus (much correspondence has been sent to the Councilors at their homes on this matter) but seeing the way the public is reacting on this, we should have them give a presentation.

Paul Addis, President of Louis Dreyfus Electric Power, previously referred to as, and is, a subsidiary of Louis Dreyfus Corporation, Tom Scheuer, Chief Counsel of the Louis Dreyfus Corporation and Dennis Meany, Vice President of Louis Dreyfus Electric Power took the witness bench at this time to provide a formal presentation.

Mr. Addis thanked the Council for the opportunity to continue to fight for what the Louis Dreyfus Company thinks is the appropriate contract for the Town of Wallingford. He stated that his company feels that a mistake is being made and they have to address it not only for the interest of his company and for those interests they believe are aligned with the Town of Wallingford with this case. At this time an overall summary was presented by Mr. Addis to be followed by a detailed presentation about economics relative to the two different proposals by Mr. Meany and Mr. Scheuer will deal with the legal aspects of the presentation.

Mr. Addis addressed Mr. Knight's comments regarding the finish line. The finish is when the Town gets the appropriate deal. The Town decides what is the appropriate process. It seems that there are two basic processes that are normally used; a sealed bid process and an auction. The sealed bid process was not used. An auction is when you place the two parties in the same room or different rooms and continue to deal with them until one says, "no more, I won't go any lower". Neither one of those processes were used in this case. He was told by the representatives of the Town of Wallingford for ten months that his proposal was twenty percent better than the alternative proposal as Mr. Meany was told a number of times. The process was not what Dreyfus feels is an appropriate process. The drop dead dates that were presented were unclear. November 30, 1993 was presented as a drop dead date to Dreyfus in many different ways. In August of 1994 there were supposed drop dead dates. On November 14th, the last day of the Town Council's executive sessions with the P.U.C., on the Thursday prior to that Dreyfus received a fax from Mr. Smith asking for last and best offers. We were confused by that for a variety of different reasons, one of which was that Dreyfus had been told that they were twenty percent better. How should they deal in a process where they had been told they were dramatically better. They did not believe that price was the principle area that they needed to deal with. They attempted, however, to contact Mr. Smith to understand that. They called repeatedly and he was out of town or unavailable. They were not able to communicate with him until the Monday of the Town Council's meeting. On that day, it was rather difficult when they had some sense of what was being asked for, they were told that there was another drop dead date, to marshal what is apparently a very complex process, to give their last, best and final offer. It was confusing and there was not enough time once they understood what the process was. The process did not serve Dreyfus very well. Frankly, it served the Town reasonably well because, as Mr. Gouveia said, certainly the fact that Dreyfus engaged in this process, they came to it uninvited - saw no announcement of this process - had to prove to Mr. Smith that we were legitimate or real, when any evaluation which could have been done in a very quick manner would understand that Louis Dreyfus Corporation and its subsidiaries is a very serious company with 140 years of reputable business experience, having never faulted on a contract, but nevertheless we met every request. Yes, we were the competition, the prod that created something of a competitive process so you have been served. The question is, have you been served in the best manner? Have you gained the maximum value? He wants this contract because he wants his company to earn a profit. There is no question about it. The Council's job is to extract maximum value. He agreed with Mr. Smith about reliability, risk, cost and flexibility. What we heard at the last meeting of the P.U.C. and what we have heard tonight is a summary of the good or positive points about the NU proposal. In neither case were presentations made to the P.U.C. or to the Council about alternatives and the values or positive features of the Louis Dreyfus proposal. We have fought here over one year to be taken seriously and evaluated in a fair manner. He highlighted the specific values he thinks the Dreyfus proposal has and then he will turn the microphone over to Mr. Meany to give a more detailed view of the economics.

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Mr. Addis went on to say, our offer provides reliable service. We believe that we could provide that without any partner. We listened to the concerns of Mr. Smith and Mr. O'Neill, however, and we brought in Duke Energy, the subsidiary of the sixth largest utility in this country, Duke Power. If that is not a sign of the commitment to reliability, he did not know what would be. One has to evaluate reliability relative to public utilities as well, public or investor-owned utilities. They can default, they can go bankrupt and if you read some of the literature sent to you today, there is a great deal of concern in this country at this time about utilities who may go bankrupt or have a difficult time maintaining their financial viability in a marketplace which is moving towards open competition. There is nothing anyone can do about changing the competitive environment. If the market is opened and anyone can compete anywhere they want and they have no franchises which allows them to recover those costs, someone's going to get hurt. He is not sure that type of reliability has been contemplated by the Town of Wallingford. Second, cost - our proposal provides the Town a guarantee of a ceiling price that will not move upward. It is a fixed price. The proposal that NU and CMEEC made adjustment factors in them. One of those adjustment factors is for fuel adjustment clause. Consultants evaluating that proposal have to make assumptions of what will be future fuel assumptions, what will be the future cost of fuel? The proposal very clearly states, if the prices that CMEEC pays for fuel go up, your price is going to go up because you are a participant...you share with them the risks or the rewards. In our proposal your price cannot go up. What we did today is we looked at the CMEEC system and evaluate the volatile fuel that CMEEC uses, which is mainly oil, the percentage of CMEEC resources - the supply from CMEEC which is affected by oil, he would be a liar if he told you 100% of the CMEEC units are affected by the price of oil. Some are affected by coal, some nuclear. If you went to the marketplace today and there is a large sophisticated market of reputable companies and asked them for an insurance policy to use today's fuel prices to guarantee them to you, and said, "I want to buy an insurance policy for ten years for that portion of the CMEEC units that use oil, what would that cost me?" That would cost you in the order of the magnitude of \$7 million. The Dreyfus proposal has never been evaluated to the tune that the marketplace is evaluating that insurance policy as \$7 million worth of value or risk that the Town of Wallingford will be taking on. \$7 million today. Tomorrow it may be \$7 million, it may be \$6 million, it may be \$14 million, as the price of oil changes. I am sure you are aware of what happened to the price of oil during the Iraqi war, during the 1970s when we had oil lines. He stated that it is a tremendous value that his proposal has provided the Council that he is guaranteeing the Town that no fuel adjustment clauses, no increases in price. The CMEEC/NU proposal has barely been mentioned that it does not provide you with that assurance or reliability. He stated, as someone who is experienced in this business, he suggested that a community that does not evaluate whether or not they want to take on that risk, you are taking on the fuel risk, not CMEEC, you are the one that will pay the price for that. Do you choose to take that risk on? Have you evaluated that cost? He could run various assumptions if the prices goes one way or another. He has shown what the insurance policy would cost today. He would be happy to supply the Council with names of various people, other than

Dreyfus, to confirm that number of dollars. None of the Town's consultants have done that. They have made assumptions of what the fuel price would be. There is not a guarantee in the CMEEC proposal. The profit sharing component....what Mr. Smith told Dreyfus he wanted in terms of the proposal for the Town of Wallingford is a proposal that gave you the least amount of re-openers, abilities for the price to change unfavorably to Wallingford and only things that were positive. Our proposal cannot go up, it can only come down. He could have changed the proposal if he had known that the Town wanted to take more risk. The proposal could be lower in price if the Town wanted less risk, but at the very minimum that is worth, at a minimum, seven million to you which has never been evaluated in that \$2 million, \$4 million, what ever you have heard. Those numbers now add to \$10 million or \$11 million of differential on a present value basis, on today's dollars over ten years. Is that a lot of money? The Town is going to have to decide that. There is another component in our offer, and that is there is a profit-sharing relationship to align our interest. I am here to make money in this deal. I will not hide that fact, therefore, I am incentivized, very differently from a public utility which is not-for-profit, nor from an investor-owned utility. Investor-owned utilities have worked on a cost-based relationship for umpteen years. They are not incentivized by the red hot fires of competition. We have aligned the interest by having a component in this contract which, as we make money you share in that because there is a profit-sharing formula which is very clear with audit provisions that have been looked at, written by accountants, dealing with the general accounting principles used across this country - we think that is worth something to you. We think that we are going to make somewhere between ten and twenty percent. We assume a risk for that. We hope, expect and anticipate but do not guarantee to make between a ten and twenty percent margin. What that could be worth to you is another \$2 million to \$7 million dollars. There has been no evaluation for that. We believe that if the contracts were looked at by all parties that our proposal, frankly, and our contract is much clearer. If anyone read the CMEEC/NU contract, there are questions that can be raised all day long in terms of the various components. It is much more complex. Our contract provides all kinds of protections in a clear, concise manner. Mr. O'Neill was very complimentary of our attorneys in terms of how we worked together to organize that contract. It is simplicity which makes it a valuable contract. What he has asked for and what is in the interest of the Council is time. He turned to Mr. Sabatino who is a Senior Representative for Northeast Utilities and Mr. Scully who represents CMEEC and asked them, "if we are dealing with a \$300 million contract and we are all fighting for that but another component is, what is in the best interest of the Town of Wallingford, what is the problem with another thirty days?" Why wouldn't CMEEC or NU gladly give the Town, if they want to be a partner with the Town, which we want to be, additional time? What is the risk to the Town? Why should they change their offer? He asked the Council to ask the senior representatives of the two companies why they won't give the Town another thirty days and hold their offers constant? Dreyfus has agreed to hold their offer constant. He told Mr. Knight that the process was difficult, complex, was never clear. Dreyfus has been in the business of competition for years. We know what it means when you

have a sealed envelope, when you have an auction when you sit there and say, "enough, I won't go any lower". We have a lot more experience than most companies in that kind of rough and tough world of competition. It was not clear where the starting line was, nor where the conclusion of the race was. He believes in fair competition, he was raised that way as a child, taught to compete that way by his company, proud of Dreyfus because they compete in a ethical and fair manner, the only way they compete. This process was complex, difficult to understand and was not fair to all parties concerned and especially not fair to the Town of Wallingford. He asked the Council to ask everyone here, including the alternative proposers why they don't want to give the Town a little more breathing time to evaluate. It is a very good question.

Mr. Addis distributed a presentation that summarizes the key points of Dreyfus' proposal and discusses some of the economics of it.

Mr. Meany asked the Council to refer to page 2 which summarizes the contract. The contract was structured deliberately to take advantage and to provide Wallingford the benefits of the changing regulatory and competitive environment in the electric market. The highlights of the proposal are, a ten year price cap; transition payments which deal with the fact that under your current contract we cannot begin service until January 1997 (payments of \$9.8 million which start the date the contract is signed); a profit-sharing mechanism; reliability through NEEPOL membership; the association with Duke Energy and the various financial guarantees that are in place, Louis Dreyfus as parent and Duke Energy; technical services provided on an ongoing basis to meet Wallingford's needs for technical advice, through Duke Energy which is the sixth largest investor-owned utility in the Country with the first \$150,000 provided at no charge. On page 3 you will see a comparison of prices under the two proposals. This is an analysis based on the information available to Dreyfus. The information about the CMEEC/NU proposal is derived from the contracts that have been made available to the public that they have obtained copies of and from the presentations that Mr. Smith made on November 29th.

Mr. Solinsky asked, what is the purpose of the transition payments?

Mr. Meany explained, under your current contract with NU there is a notice period of when you can end your service with NU. As we understand it that notice period would be....you could start service from Dreyfus on January 1, 1997. To deal with the fact that you have high rates from NU for another two years, Dreyfus has offered to pay \$410,000 per month to the Town to reduce your electric bill during that transition period for a total of \$9.8 million.

Mr. Addis added, the assumption is that you will not get the discount from NU that is coming through the CMEEC/NU proposal if the contract is not awarded to CMEEC/NU. One of the ways the proposal was evaluated was that with Dreyfus, you have twenty some odd months left of the higher NU price. Under the CMEEC/NU proposal you immediately get a price discount.

Mr. Solinsky asked, does that play into the rates after two years?

Mr. Addis answered, that plays into the numbers, yes.

Mr. Meany stated, we re-structured our proposal to have higher rates from 1997 on and, in turn, pay more money up front. We re-structured it so that the economics and present value basis were the same to you but you received more money up front. It is not free money, Dreyfus expects to recover that money.

Mr. Addis added, that money is included when we look at whether we are \$2 million better, \$4 million better or even, it is included in the analysis.

Mr. Meany referred the Council to page 3 and stated, it is clear that when you compare the average prices of electricity between the two proposals, in most years the Dreyfus price is lower. We have a disadvantage in the first two years that we just discussed. An important note to make is that out over time our price cap is lower in some very important years. If deregulation comes, Wallingford is going to have some competitive challenges, as it faces competition for its retail customers including the customers like Ct. Steel. The fact that you have a lower price cap during those years can provide some significant competitive advantage to Wallingford in dealing with that competitive situation. He turned to the overall economics of the two proposals. There were some elements of Dreyfus' proposal that were just not quantified. On page 4, it is noted that before Dreyfus considers the value of the price cap, they estimate that the present value of their price cap compared to the estimated price by CMEEC/NU is about \$5 million cheaper on a present value basis. We add the value of the price cap and get a total advantage of about \$11 million. Because of the way Dreyfus' stream of benefits are realized by Wallingford, what discount rate used matters. If you use a lower discount rate reflective of cost of money to a municipality with a quality Aa rating that Wallingford has, about 6.5%, our proposal is enhanced by as much as \$2 million. There is an issue which keeps coming up and that is, what happens if the Pierce Plant is retired? Because of the way the proposals are structured, our competitive advantage decreases, though we are still advantaged. In looking at the CMEEC/NU contract, it is very unclear as to what those benefits will be over time if Pierce is retired. The contract says that Wallingford will continue to receive \$650,000 in payment. The contract also says that Wallingford will have to provide new capacity if Pierce is retired to replace it.

Mr. Addis explained, what that means then, if that is an accurate reflection Wallingford gets \$650,000, the plant is retired and unavailable for use. Wallingford gets \$650,000 in one pocket but has to go out and spend money to get capacity, an equal number of 16.7 megawatts to provide to CMEEC to meet its obligation. It will cost something to do that. It may cost less or more than \$600,000.

Mr. Meany continued, the second uncertainty that the contract says is that CMEEC will pay that \$650,000 if it does not have to go out and replace the capacity itself. When will that be? When will CMEEC need new resources? That depends on load growth, what CMEEC does on selling its surplus capacity in the market. There are no guarantees on those payments that you may or may not receive relative to the retirement of Pierce, whether those payments will, in fact, continue

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over the life of the contract. In turning to page 5, Mr. Meany explained that there are two ways to look at the price cap, one is the \$6.7 million insurance value that the markets today place on that. Another is to do some sensitivity analysis as to what happens if the fuel and purchase power adjustment clause that is in CMEEC's contract is higher. He noted that there was a typographical error in the first bullet point on page 5. The first point should read, "\$7 million if the fuel adjustment is 10% higher, \$15 million if it is 20% higher". He apologized for the error.

Mr. Addis explained, what that means is that today, you can buy that insurance policy for \$7 million. If Iraq happens tomorrow, if another war emerged and the price ran up, no one is going to sell you the insurance policy for \$7 million. They now have a new risk and want more money. If you leave it uninsured and the price goes up by 20%, it will cost you \$15 million of exposure, not \$7 million which is what it would cost you today to insure it. You can leave it uninsured, but that is a gamble, a speculative decision. He did not think that to be in the best interest of the Town of Wallingford, nor the kind of decision that the Council would want the Town to have to face.

Mr. Meany went on to say, there are a lot of reasons that the adjustment clause can change in the CMEEC contract, one is the fuel prices and the other is nuclear outages which would increase the cost of replacement power. CMEEC's short-term generation costs would be higher, if nuclear power plants are out. It is also sensitive to the NEPOOL savings fund and what happens to that fund due to other actions such as mergers. Fuel prices can change and CMEEC has somewhere in the neighborhood of a 20% exposure. That means that 20% of this charge is exposed to fossil fuel prices, oil and natural gas. It also depends on the mix of generation. If nuclear power plants are out for various reasons, two of NU's power plants are out today, then those costs are higher because CMEEC has to go and purchase higher cost generation or dispatch higher cost generation. The other part that goes into that is the NEPOOL savings fund. That is when CMEEC goes to NEPOOL through the savings of the New England Power Pool, their savings are generated which flow through to the members of NEPOOL. Those savings are sensitive to the actions of other parties in NEPOOL, particularly if someone merges like NU did with PSNH, decides if those entities capture more of the savings internally and less is available to be saved. Page 6 reflects how volatile oil prices are over time. There are a lot of uncertainty in these prices which create a lot of exposure to Wallingford. Back on page 5, we provided price certainty because that is what we understood Wallingford wanted. Our price would be different if we realized that no value was to be placed on that. As we understand it, this key component which is the fuel purchase power component has been provided to the consultants by CMEEC and the consultants have discussed with CMEEC how CMEEC has estimated it but no independent review, as we understand it, has been done by the consultants as to how CMEEC comes up with that estimate. Out of the Town's \$40 from the first year cost from CMEEC, approximately \$15 is for fuel and purchase cost adjustment. On page 7, the other aspect of our proposal that we don't feel has been evaluated or quantified is the profit-sharing which should be in excess of \$2 million. We estimate that it could reasonably be as high

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as \$7 million. Another example of how we would aggressively be looking to provide benefits to Wallingford is working with Wallingford to take advantage of the favorable borrowing arrangements that Wallingford has as a tax ability to issue tax-exempt debt. That has some significant benefits that we have worked with other municipalities on energy deals to realize that value of the municipality. Under the CMEEC/NU deal, as we read the contract, Wallingford is obligated to support the debt service associated with a similar prepayment that CMEEC is making to NU. We suggested the idea of a prepayment several weeks ago and we were told that Wallingford was not interested in such a thing, not interested in borrowing money through low interest rates to lower its cost of paying for energy over time, yet we see that essentially, subsequently Wallingford is doing the same thing, making contractual obligations to pay CMEEC the debt service on the \$33 million that CMEEC is borrowing to provide a prepayment to NU. If we were to work with Wallingford and you were to take a similar obligation, subsequently the same obligation, we could provide an additional \$20 million of benefits present value over the life of the contract.

Mr. Addis stated, once again we are saying that CMEEC has borrowed money to buy out the contract with NU and you have assumed, you are at risk on that obligation, you take some of that risk. We can do a very similar thing although we were discouraged from talking to the Town about that for it was not perceived to be of interest to the Town. If it were, on top of all the dollar values that we just described, there is a potential of another \$20 million. This is a subject that should be carefully thought about.

Mr. Scheuer, Chief Counsel for Dreyfus, stated, Mr. O'Neill and others mentioned this evening how complex an arrangement had been structured here and that was an understatement. He read the letter written by the law firm of Day, Barry and Howard to the FERC submitting some of the proposed agreements for approval. They described the agreement to the commission as a "...highly unique nature of these multiple arrangements....it is not possible to furnish comparisons...we cannot overemphasize how complex these are.." and they go to great length to explain what is an unnaturally difficult set of documents and arrangements.

Mr. Addis added, what is being referred to is the submissions that have already been made to FERC of the NU contract. So the NU contract that has been submitted to FERC, the attorneys have described it as incredibly complex.

Mr. Scheuer stated that Dreyfus has not had the luxury/ability to analyze all of these contracts carefully. We received the first of them yesterday and a few more came in and within the last 24 hours we have received six, separate agreements consisting of some 260 pages. He understands there are more to come yet. He read them from a point of view from someone who has spent most of his life dealing with complex legal arrangements of substance and complexity, and he read them as though he were sitting in the shoes of the Town of Wallingford because that is the way he had to look at them. Indeed, he so identified with Wallingford's position and found he was concerned and thought the individuals signing the contract should be also, even

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though he agreed with the terms outlined. The lawyers who did this work had a terribly difficult job and had a lot to cover. To put all this together and dovetail is not easy. What has resulted, however, is a set of papers with some significant omissions with ambiguities with many things left for the future, a lot of uncertainty and a certain number of what appear to be undertakings but have no legal effect. Throughout the agreement reference is made to the Town's obligation to pay the unamortized capacity reservation payments. There is a provision for a \$500,000 payment and nowhere does it say how it gets paid and how there could be any unamortized portion because there is no provision for amortizing any of it. In reading the agreement it is difficult to know how the Town's obligation to make the amortization payments of \$4.6 million per year relates to something that comes far later in the agreement and has no clear reference to this pre-payment concept if you feed your way through a couple of other agreements and it is impossible to know how they relate to one another and how they are supposed to interact. In many instances the taking of action by the Town requires good faith negotiations with CMEEC and resolutions in a fair way and nothing is said about what happens if those negotiations don't result in a resolution. This can happen in connection with the development of the Pierce facility, with a retail customer wanting to put in their own generation, in all these cases there is going to be a discussion in good faith how to do it and no one knows what happens, how long that takes or when a commitment can be made by the Town. There were certain rights and protections that have appeared to be given to the Town that really have no legal effect, one of which is no termination of the agreement can be made until late in the term. The fact is that nothing prevents either party from stopping their performance, there is no damages that flow if the contract is terminated and Dreyfus steps into the shoes of CMEEC vis-a-vis Wallingford and the utility and continues paying to CMEEC during that period the unamortized portion of that \$33 million. Similarly there appears to be an opportunity for extensions of the term. From reading the agreement it appears that there is no such right for either CMEEC or the Town to extend the term until unless than five years before the end of the term the utility notifies CMEEC and the Town that the utility is prepared to extend the term. Those are just some examples. He stated that this takes a careful analysis of all the agreements put together, it cannot be done easily and shouldn't be done by the people who wrote it and have a vested interest in its preparation. It is not an agreement that I, as General Counsel of Louie Dreyfus, were Louie Dreyfus and the Town of Wallingford would permit them to sign, from a technical point of view, not talking about price but just knowing what you can do. It is not good enough. This is going to be before a judge someday and you cannot say to the judge, "we understood this.." for you are going to have to say what the words mean and it is pretty hard to find your way through this agreement. In summary, he thinks it is certainly within the realm of responsible consideration to have a careful analysis of these agreements made by slowly, thoughtfully by someone who is independent, knowledgeable and sophisticated about these kinds of things.

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Mr. Gouveia asked the representatives of Dreyfus if they were given the opportunity to give the same presentation to the P.U.C. that was given tonight?

Mr. Addis responded, no, we were not. We have never made a presentation to your P.U.C.

Mr. Knight asked that the insurance cost, \$7 million be explained again.

Mr. Addis explained that he can give the Council a list of independent companies of repute that are in the business of providing that insurance, i.e., Citibank; Chemical Bank; Morgan Stanley; Morgan Guarantee Trust, etc., who will give the Town a price to provide the insurance if you want not to take the risk of the fuel clause that the CMEEC contract places upon the Town. He went out today and very conservatively looked at what percent of the CMEEC proposal that was exposed to oil price, not to other risks. There are other risks in terms of price as Mr. Meany indicated like nuclear risks. We didn't model those. We only looked at the portion that CMEEC today derives from oil and went to the marketplace and said, "what would it cost to lock in values so that you are not exposed to increasing prices?". That insurance policy would cost you approximately \$7 million in today's dollars, you cannot pay that later, it has to be paid today, to lock in a price today so that your price can never go up on that small portion of the CMEEC supply that is exposed to oil. The other way to look at it is, what if the price goes up 10%, 15%, on that same portion, not the entire CMEEC supply, approximately 20% of their supply. What would that cost at a 10% modeling, 20% modeling, how much would that cost and those are the other numbers that we show.

Mr. Knight: So the \$7 million is a premium that you would pay to lock in these prices?

Mr. Addis, that is correct.

Mr. Knight asked, what is the actual dollars of exposure if it is 10% higher?

Mr. Addis responded, \$7 million. If the fuel adjustment portion of the CMEEC price goes up 20%, the present value of CMEEC deal to Wallingford would be \$15 million higher. That is present value today.

Mr. Gouveia asked, are you stating then that if you do not provide that price cap, in essence you are saying that it is very possible that your proposal would have been \$7 million less?

Mr. Addis responded, it is not just very possible, I can guarantee you that our price would be lower, that is absolutely lower. We gave you the insurance policy, in effect, in various ways. That is what we were asked to do, to provide certainty, certainty, certainty. That was emphasized to us as what you desired. So yes, if certainty is not what you want, I can lower my price. What is most important for you to consider is, this was never modeled. When someone says it is \$2 million better or \$4 million better, that was not included in that

number. It was never included. I tell you you are bearing a risk that I think you need to understand.

Mr. Addis made the following final comments; Mr. Smith mentioned, as one of the risks that you bear if you evaluate our proposal vs. CMEEC/NU is that if you sign with another supplier, you may bear a stranded investment charge as he defined it. Where would that come from? It will come from NU if there was one. He asked, in terms of the process, it ought to be asked of NU. If they don't win that process does that mean they are going to come and file a charge with you? He does not know how they can for he has evaluated that and we don't believe that is a risk. He wondered about a ten year contract being signed with someone who, if they don't win the contract, that you are concerned that you are going to be given an exit charge or stranded investment effort is going to be made to collect from the Town of Wallingford. He stated that it would be reasonable to ask the question of NU, if they don't win the contract are they going to charge you a stranded investment charge? It would be an interesting issue to raise. What was generally referred to by a number of parties was the question of, what happens post this contract? What if there is a discussion that there is too much capacity or too many generating plants sitting around and that is what is giving companies like Dreyfus an opportunity to compete? That is an incorrect statement. Dreyfus competes in markets where there is over-supply and under-supply. We compete, we win deals, we lose deals, we compete. It has nothing to do with whether there is more supply or less. There is the issue, however, of what happens at the end of your ten years? Mr. O'Neill suggested that there was some concern that there may be some value in maintaining your relationship with NU because of the post ten year environment which is uncertain. It is uncertain. There was some brief mention made of what the CMEEC/NU proposal contemplates post the ten year term in terms of how and when and in what fashion you can extend your contract. It is very unclear, very difficult to understand and not certain of how you can extend your contract. The Dreyfus proposal, again, never discussed, never clearly evaluated says, that from the first day of the contract on January 1, 1995, we are committed to provide you a price for extensions of five years, so for year eleven through fifteen with an absolute guaranteed price, on every day of that contract. He agreed that the contract that CMEEC/NU is proposing to the Town is better than what we have now, however, that is not the relevant issue. The issue is the values, worth of the CMEEC/NU contract that they are proposing to you as opposed to Dreyfus' contract. You have heard very, very little in public session, never saw graphs that we had brought with us, overhead projections and reams of notes that were made. There was no such description of the Dreyfus proposal, that is what is relevant. He closed with the most difficult question of all, to the gentlemen from NU and CMEEC he asked, if what we are all interested in here is what is the best deal for the Town of Wallingford, are you saying that you will not hold your offer if the Town, in reviewing a \$300 million contract, wants more time? This is a big, bid deal in New England. Mr. Addis stated that he wants this contract. It will set him on a course that will be very positive for him. A letter was received by the Mayor and Mr. Smith from the just-retired Chairman of Duke Power, the sixth largest utility, saying that Dreyfus and Duke would cherish

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this contract and would do their utmost to make Wallingford a flagship. Northeast wants this contract too. He asked the Council to ask NU and CMEEC that if you override this are they saying that they will retract their offer or raise the price? He guaranteed the Council that he will not raise the offer, if anything will lower the offer and has indicated that on the piece of paper the Council has. The process was difficult, very unclear and the finish line was clearly defined by an auction or by sealed bid process. We gave final offers on November 30, 1993, we never changed the number but we were told that another drop dead date was August of 1994. The finish line was never clear. He asked, why thirty days, ten days, fifteen days and then all proposals to be in and everyone to have access to everything, that we can sit in the same room and agree what the facts are. I don't think it is clear, what all the facts are to you tonight.

Mr. Addis thanked the Council for their time.

Mr. Solinsky asked Atty. O'Neill to comment about the stranded investment motion made by NU?

Atty. O'Neill stated, it is not what NU may have said. The fact of the matter is that the FERC has issued a notice of proposed rule making dealing with stranded investments. Apparently the Chairman of the Commission of the FERC did not believe that the concept of stranded investment is ailing to the Federal Power Act. Whether they will come out, how they will come out, he didn't know. His firm filed comments on Friday on behalf of the number of systems urging that stranded investment is inappropriate for a utility such as Wallingford that will be departing consistent with the terms of the contract. We don't know what the answer will be. That is simply a risk. It is out there. Another thing that is significant is, the notice of proposed rule making that the FERC issued, it talked about attaching the cost of stranded investment to the wires. In other words it would become a surcharge on the transmission cost. It is significant to recognize that under the Dreyfus proposal Wallingford is responsible for transmission costs. If those costs go up, if they include stranded investment Wallingford will be liable under the arrangements of the Dreyfus proposal to pay those costs. Another point worth noting is that Dreyfus did send a letter indicating that in the event there is some exposure to stranded investment, if the claim was made within 90 days that Dreyfus would consider whether or not they would insulate Wallingford from the risk. If Dreyfus elected not to relieve Wallingford from the risk then Wallingford would be relieved from the Dreyfus contract. Of course, if the claim was not made for 91 days, presumably Wallingford would be liable on both counts. An awful lot has been said. The comment was made that perhaps the Town should get a competent and impartial attorney to review the work that was done in drafting the CMEEC/NU agreement. That is the Town's prerogative. He suggested that under the terms of the Dreyfus agreement, there is actually some money in there to pay attorney's fees to litigate for transmission access which is a Wallingford responsibility. He received a letter from Mr. Smith indicating anticipation of a CMEEC arrangement, that he was no longer going to participate and no longer require the services of my

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firm in representing him in some regional transmission negotiations. My vested interest is not necessarily to see Wallingford go to CMEEC. A lot has been said that we have focused on the Wallingford/CMEEC/NU relationship and we have not focused upon the terms and conditions of the Dreyfus relationship. There are many good aspects to that, there are some aspects that are that good. In the past the view has been that we would not review the details of the negotiations for the bidder who had not been selected. Part of the reason was not to compromise the ability of the unsuccessful bidder in future negotiations. I am fully prepared to walk through the Dreyfus contracts and fully prepared to discuss, in detail, the specific concerns that I have had and do have with respect to Dreyfus. Dreyfus has no resources. They are going to buy...they talk about 140 years of experience, hedging. They hedge. There are all sorts of hedges, called derivatives. What is going to happen if the price of oil goes up? Is Dreyfus going to be covered? Is Dreyfus going to be the only entity that will be immunized in the event that there is an increase? In the event that there is another Iraq? Will they be absolutely immunized against that? Maybe, I don't know. Dreyfus has about \$400 million of net worth. That is a lot of money, right? This is a \$360 million contract. We are talking about corporate guarantees? How many deals are going to be out there backed by corporate guarantees? When Duke appeared on the horizon it was very, very significant because prior to the appearance of Duke there was very, very serious concern about the ability of Dreyfus to deliver. Yes, they represented that they have a lot of experience selling cattle futures and Lord knows what else. The electric utility market, the competitive markets are new. He is not sure exactly how they will play out. He did not pretend to be smarter than Louie Dreyfus. He thought, undoubtedly, they are far more skilled than he when it comes to dealing in terms of marketing. But what is the risk? He, frankly, did not know. What is the nature of the arrangements that we negotiated not with Duke Power Company, but with a subsidiary of Duke, Duke Energy which, as it turns out, we couldn't negotiate a financial guarantee, we negotiated a commitment for them to build a power plant. The reason we negotiated that is because they were not in the position to provide a financial guarantee. There was concern about what would happen if they could not build a power plant. So we negotiated extensions to the contract so that we would be able to recapture some benefits if it turned out that Dreyfus was unable to deliver. He was more than happy to go through both proposals, in detail, and address the relative risks in each set of each proposal. That, in essence, was done in the context of meetings with the P.U.C., Ray Smith and others. He stated, absolutely today, without any doubt, whatsoever that ten years down the road you can say definitively that one deal was better than the other? No. Each deal has uncertainties, risks, benefits. There is no certainty. Yes, there were some uncertainties in the contract with CMEEC that didn't provide defined, legal rights and they were intended to be that way. Wallingford did not intend to give CMEEC any definitive rights with respect to Pierce. Wallingford fully intended to talk to CMEEC about Pierce but Wallingford was retaining the absolute utter discretion to say no. So you can look at parts of the contract and see that there was no clear delineation of rights but it was not unintentional. It was entirely intentional.

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Some things were put in there because there are limitations in this Town's Charter about the ability to contract. Great pains were taken to make sure that we didn't do anything that was contrary to the Charter of the Town of Wallingford. That is why there are provisions in there that require that they exercise certain extensions, demand affirmative action. It was trying to deal with the unique complexities of this Town and its governing ordinances. He offered, as he did in the past, to sit down with Dreyfus, at no charge to Wallingford, just to explain precisely how we evaluated the CMEEC and NU offer, to walk through so that they could learn what we thought was important. It would benefit them in their future dealings to understand the processes. At the very first meeting he attended in Wilton with Dreyfus, he proposed a sealed bid and Dreyfus was not interested in it then. A lot has been said about the process and an awful lot was done. A sincere, serious effort was made to treat each of the participants in the process fairly, equitably and some of the negotiations to the extent that we had areas of concern, we let people know to try and mitigate the possibility of them saying that they had been blindsighted. He commended Dreyfus for their aggressive position that they have taken, don't appreciate some of the comments made that are inaccurate, but they will be around for a while because they are aggressive. An awful lot of thought was given to these agreements to get the best deal in the best interests of the Town of Wallingford. It was not intentionally skewed in any direction.

Mr. Gessert stated, in the most recent independent analysis that was done, it was his understanding that the fuel prices were not ignored in that. Various fuel costs down the road were addressed in that analysis.

Mr. Smith stated, we did evaluate what the risks are not only in this analysis but in the earlier one. There is potential for fuel adjustment, excursions, higher prices, the projections of the estimates that the forecasts were based on were very conservative. They are higher than today's prices. Some were in the order of 20%. He thought that there was a risk factor built into it. If oil prices suddenly quadrupled or becomes unavailable, there is a risk factor. If Dreyfus chooses, because of that, not to continue to participate in the electric business, since they only have two years of experience, they may choose to get out. If they do, we have tried to provide for financial guarantees and backups and securities. That, again, is a risk factor on the other side. What would prompt Dreyfus to end its relationship with the Town? If they are not making money on it, then what is the motivation? There are risks on both sides. One thing he made absolutely clear, that there is no commitment. If we retire Pierce that is strictly a Wallingford decision, there is no obligation to re-build Pierce immediately. At some future date he believed that there will be some type of generation there when the time is right. We have done some evaluations in the last analysis, if there are nuclear plant outages for an extended period of time, that could amount to approximately \$850,000 per year to the CMEEC proposal that is out there. That assumes that CMEEC cannot do an outstanding job of replacing that from other sources. Those things were taken into consideration. He was not sure whether the right choice was made of not building that plant (Pierce) yet. He stated that he was of the

opinion that the Town would still be in good condition if we had that gas turbine there today. It will still occur at some future date.

The Chair declared a five minute recess at this point.

At this time a presentation was made on behalf of CMEEC/NU at the request of Mr. Rys.

Frank Sabatino, Vice President of Wholesale Marketing at Northeast Utilities and Morris Elliot, Executive Director of CMEEC approached the Council for their presentation.

Mr. Sabatino stated that he did not come prepared for a presentation. He felt it was fair to say that, had this format been different than it has been to date, he would have disputed a great amount of what Mr. Addis (Dreyfus) had to say. He does not feel it will get anyone anywhere tonight to do so and he was not prepared to compare on a point to point basis either. He wanted the record to reflect that there were a lot of inaccuracies and mischaracterizations in some of Mr. Addis' remarks. He stressed the importance of the relationship that NU has with the Town. Wallingford is a very important customer to NU for over forty years. The new contract is a very good deal for the Town, one that NU is making money on and, contrary to what other people have said, NU is in business to make money. This deal is a partnership between three Connecticut entities, Wallingford, CMEEC and NU, one that will lead to enhance cooperation and economic development. NU has principally three large operating companies which serve retail customers in CT., Western Mass. and New Hampshire. They serve approximately 1.5 million customers. A load in that retail business is over 6,000 megawatts which requires approximately 7,000 megawatts of generation to reliably serve them. NU has ownership, operates and/or has contractual rights to the output of approximately 9,000 megawatts, 2,000 more than we need to serve our retail businesses in all three states. That 2,000 megawatts is used in the wholesale bulk power market. We are, without question, the largest bulk power marketer in this part of the country. Of that 2,000 megawatts of capacity beyond the need of our retail customers, a little over 1,000 megawatts has been sold on long term contracts to approximately 30 wholesale customers. Twenty of those are municipal and cooperative power systems such as Wallingford. About ten or so of those communities are like Wallingford, located in NU's home territory. The other ten are located in Maine, Vermont, Eastern Mass., places where NU is not the home team but those communities chose NU to be their power supplier because of the value that NU's power supply arrangements brought to their communities and NU is very proud of that. NU has a good relationship with their wholesale customers and are very proud of that. NU has assets with a net book value of well over \$6 billion. The common equity on company is well over \$2 billion. They are a large, respected company that has vast experience in bulk power markets. He has been in this business for twenty-five years of which fifteen or more has been directly involved with bulk power planning. He is currently the Vice Chairman of the NEPOOL Executive Committee. He has a lot of experience. Two years ago when Dreyfus came into this business the first thing they tried to do was hire NU's people. They were unsuccessful. The process (for

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submitting a proposal for this contract) started three years ago. He has negotiated three separate agreements with the Electric Division. There were times that he did not like the process but continued to play by the rules as they were laid out by Mr. Smith. We now have someone who wants to come in after the game is over (Dreyfus) and change the rules. He does not think that is appropriate. He is now in a situation where, having been declared the winner and having a signed contract, his contract and the economics of his arrangement are now public information. That places his company at a severe disadvantage should this contest continue. According to the presentation by Dreyfus, they (Dreyfus) have had the opportunity to review NU's contract, seen public presentations on NU's arrangement with CMEEC and Wallingford, and NU has never seen theirs. There is something inherently inappropriate about that situation. Dreyfus has stated that they have performed an analysis which shows, with their assumptions, that the Town would have an economic advantage. He could do the same that would show that the NU/CMEEC proposal also has an economic advantage, however, that would be the two analysis that were done by the independent parties that did not have an axe to grind and those were the two that were done by the consultants hired by the Town of Wallingford. In both of those cases, when one compared the proposals that were made within the process, the deals met the best and final offer deadline of November 14th and NU was, in fact, the winner by several million dollars. Dreyfus played outside of the rules and made an additional offer after the due date. If you take that offer into account, it still comes out virtually a dead heat on the economics, however, there is more to NU's proposal than pure economics and that is the partnership of the three Connecticut entities; NU, the largest power supplier in New England; CMEEC, a well-respected public power association and the Town of Wallingford. We are going to cooperate in a lot of things including economic development, operating assistance...there is a great deal of flexibility in these contracts which have been designed in a way to offer everyone incentives to work together and not against each other. It is an arrangement based on a partnership and mutual systems. He stated that Dreyfus was trying to portray themselves of the savior of free competition. There was an incident which established points in a more factual way and that is, on the day that the P.U.C. was to meet on November 29th, Mr. Sabatino received a phone call from Dreyfus. He was not at his desk and was not able to return the call. He was concerned that there was something inappropriate about a conversation between two competitors so he consulted his attorney and principle negotiator and they called back Dreyfus. They were told that Dreyfus would like to enter into some kind of arrangement to "split the baby" and not have further competition that would drive down the price. Mr. Sabatino and his attorney did not say much and listened for a few minutes and, on the advice of his attorney, terminated the call because they believed the conversation to be inappropriate and could possibly even lead to something that was illegal. NU does not do business that way. In closing, he emphasized that NU is here, wants Wallingford's business, will continue to be here....Wallingford does not have to worry about suing NU if they don't have the power for it is coming from some fifty power plants NU has and they are standing behind.

Mr. Elliot emphasized that this arrangement was developed as a partnership for Wallingford and there are tremendous advantages in terms of economic development, additional benefits that CMEEC can bring to it by power contracting and additional rate stabilization funds that CMEEC has provided to their members. Those are all additional benefits that have not been quantified in the deal with CMEEC and NU. CMEEC is at a disadvantage to critique the Dreyfus proposal because it has not been made public to anyone at all. The one thing that CMEEC does bring to Wallingford is a history of supplying the municipal utilities in Connecticut for the last sixteen years with power and selling it cheaper today than sixteen years ago. CMEEC has had a history of reducing their power costs on a continuous basis. CMEEC is one of the lowest cost bulk power providers in all of New England at this point. CMEEC has forty-three resources....you can view pieces of hydro-electric power plants that they own pieces of...you can view power lines that run up into Canada...pump storage units at Northfield Mountain...Dreyfus has refused to say where their power is coming from. What the Town was asked to do was to sign a contract with someone who has a one hundred forty year history of selling wheat and soybeans and derivatives, without knowing where that power was coming from. CMEEC is not asking the Town to do that. We have supplied electricity at competitive prices, at a stable price that will allow the Town of flourish and your customers to continue to grow and enjoy the benefits of very stable, low electric prices. That is what CMEEC and NU offers the Town. CMEEC and NU has been around and are somewhat driven by profit motive and public interest in providing the customers with what they need. They will be there all the time. If profit motive is the only thing that drive Louie Dreyfus, if the profit motive is gone, are they gone? He guaranteed the Council that CMEEC and NU are always going to be here to provide electricity for the Town of Wallingford at a cheap price. That is what CMEEC and NU is bringing to this deal and that is what this offer is all about.

Mr. Rys asked, did CMEEC/NU have the opportunity to give a presentation to the PUC?

Mr. Sabatino responded, no. We would not ask to give a presentation for we understood the process to be that Mr. Smith and Mr. O'Neill were doing the negotiating and they were the principle negotiators for the utility department and that is how we pursued it, through negotiations with them.

Mr. Killen stated, why no one would want to give a presentation in the interest of all that is fair, scares him. If he had been a member of the PUC he would have a series of notes, charges, counter-charges, facts, fictions made here tonight and have one company address the others charges. We have provided a sounding board for the public to know what is going on but the PUC is going to make the final decision. Although he did not think the votes were there to override the decision, he stated that it should be overridden until all the questions and charges have been answered. There have been some very serious charges and statements made about the integrity of one another.

Mr. Sabatino responded, there was a process explained to them by the Town, they did their best to play the games within the rules that were established. They were never asked to make a presentation to either board. Had they been asked, they would have done so.

Mr. Killen felt that it was a mistake on the part of the Council to have waived the bidding on this particular process.

Mr. Solinsky asked, will NU and CMEEC hold their price for thirty days?

Mr. Sabatino stated, I don't believe that we can guarantee that. This deal is very complex and time is one of the elements that is woven into it. If time moves on the parameters of the deal change. Whether the deal can be held in limbo for thirty days? I don't think it can. Something would have to change. Whether that change would be significant or insignificant, or the whole thing would unravel? He could not tell.

Mr. Gouveia stated, the intent of this discussion tonight was not meant to be what it turned out to be. He stated that the process was very beneficial, however, to the citizens of Wallingford. He had invested most of his children's college funds in utilities. He would have paid money to attend a workshop on a presentation like the one given today. It amazes him that the people empowered by the Town to make these decisions for the Town would not want that kind of presentation given to them. It is not Mr. Smith who makes the final decision but the three individuals of the P.U.C. He would want those individuals to be part of this discussion. He benefitted a great deal from this presentation this evening. His intent, however, was not to put this item on the agenda to personally gain a better understanding of the subject matter but to have the Council listen and make a decision as to whether or not a more detailed presentation is still necessary or have they, as well as the public, been given enough information?

Mr. Gouveia read a resolution he drafted into the record to have the Council vote on whether or not it is necessary for the Council to have a presentation with the P.U.C., once again....

Mr. Solinsky interrupted Mr. Gouveia to state that, in his opinion, the presentation has been made tonight and he would not be in favor of another one.

Mr. Killen stated that he is willing to vote on the resolution and to make a motion, himself, to override the actions of the P.U.C.

Mr. Gouveia yielded the floor to Mr. Killen.

Mr. Killen stated, if he were one of the parties involved in this then he would ask that the secretary give a verbatim transcript of this meeting tonight and all parties concerned study it to be prepared, if Mr. Killen's motion carries, to start answering some of the charges and counter-charges.

Mr. Killen made a motion for the Council to Veto the Action of the PUC

taken on November 29th in Approving a Contract Between the Town of Wallingford and CMEEC, seconded by Mr. Gouveia.

Mr. Gouveia asked Mr. Killen if he disapproved of the contract?

Mr. Killen responded, yes.

Mr. Gouveia asked, what is the basis for your disapproval?

Mr. Killen responded, the P.U.C. was not aware of some of the issues brought out this evening. He does not disapprove of the contract per se as the concept of the P.U.C. in adopting it.

Mr. Gouveia stated, he did not believe that the P.U.C. was well-informed to make a good decision on this contract. That is why he seconded the motion.

VOTE: Zandri abstained, Knight, Papale, Rys, Zappala and Solinsky, no; all others, aye; motion failed.

Mr. Gouveia made a motion to Approve a Resolution (Appendix I) Requesting that the Public Utilities Commission Provide the Town Council with a Detailed Presentation on the CMEEC-NU Contract Proposal at the Next Town Council Meeting, seconded by Mr. Killen.

Mrs. Duryea added a Friendly Amendment to the Motion that the Presentation be made at a Special Televised Town Council Meeting, seconded by Mr. Killen.

Mayor Dickinson recommended that the Council consult with Scott Hanley, Government Access Television Manager, for an appropriate date to schedule the meeting for televising.

Mr. Solinsky stated, he was not in favor of the resolution unless he saw an outpouring of the public after the meeting requesting another presentation.

Mr. Knight stated, there seems to be a question about whether the P.U.C. performed its due diligence in overseeing the process by which the agreement was reached with CMEEC/NU. We have had various opportunities, two in particular, to oversee the process as it was taking place to at least be advised of what was going on and where the P.U.C., Ray Smith and Bob O'Neill were in the process. He is confident that the representation that the Town received from its expert attorney in Washington was of the highest caliber. He had confidence in his abilities and reputation as well as those of Mr. Smith and Mr. Cominos. He found the presentation extremely interesting and enlightening because of the divergence of opinions and facts as presented by both sides. It sheds light on how difficult the process is in the first place. He does not claim to have any expertise in the matter and at some point the Council has to have faith that the people put in charge of making these types of decisions have performed their job to the Council's satisfaction. From his standpoint, they have done so.

Mr. Zappala concurred with Mr. Knight's comments. The Town hired a knowledgeable professional to advise us. Perhaps the P.U.C. made a mistake in not informing the public but at this point, after advertising the meeting tonight, one can see the response from the public is minimal. Another meeting would be worthless.

Edward Bradley, 2 Hampton Trail stated that the Dreyfus proposal offers a ten year cap against higher costs and asked if CMEEC/NU offered the same proposal?

Mr. Solinsky pointed out that the Council is dealing with the matter of whether or not to have another meeting. The question period for the NU proposal has passed.

Mr. Gouveia stated, if you feel that the Council and public has enough information on this contract then vote no.

VOTE: Zandri abstained; Duryea, Gouveia and Killen, aye; all others, no; motion failed.

ITEM #14 Consider and Approve a Transfer of Funds in the Amount of \$1,373 from Pioneer Covers Acct. #001-5030-999-9920 and \$1,439 from Overhead Doors Acct. #001-5030-999-9923 and \$1,319 from Aluminum Portable Bench Acct. #001-5031-999-9909 and \$352 from Chain Saws Acct. #001-5031-999-9914 and \$534 from Louvre Air Balance Acct. #001-5050-999-9902 for a Total of \$5,017 to Repair Loader Acct. #001-5040-500-5011 - Public Works

Motion was made by Mrs. Duryea, seconded by Mr. Rys.

Mr. Solinsky asked Henry McCully, Director of Public Works, why he is requesting a waiver of bid if the firm is on the State's bid list?

Mr. McCully responded, W.I. Clark is on the bid list only for parts. There is no State bid list for repairs. The labor amount will be \$5,017.00. The repair of this loader will give the Town three working loaders.

WAIVER OF RULE V Motion was made by Mrs. Duryea to Waive Rule V of the Town Council Meeting Procedures for the Purpose of Awarding a Bid to W.I. Clark Co. for Repair Work to a Public Works Loader, seconded by Mr. Rys.

VOTE ON WAIVER OF RULE V: All ayes; motion duly carried.

Motion was made by Mrs. Duryea to Waive the Bidding Process for Repair Work to be Performed by W.I. Clark Co. on a Loader for Public Works Department, seconded by Ms. Papale.

VOTE: Zandri, no; all others, aye; motion duly carried.

ITEM #14 Consider and Approve a Transfer of Funds in the Amount of \$1,373 from Pioneer Covers Acct. #001-5030-999-9920 and \$1,439 from Overhead Doors Acct. #001-5030-999-9923 and \$1,319 from Aluminum Portable Bench Acct. #001-5031-999-9909 and \$352 from Chain Saws Acct. #001-5031-999-9914 and \$534 from Louvre Air Balance Acct. #001-5050-999-9902 for a Total of \$5,017 to Repair Loader Acct. #001-5040-500-5011 - Public Works

Motion was made by Mrs. Duryea, seconded by Mr. Rys.

Mr. McCully stated, this will be almost a new loader, 90% new when we are finished with the new transmission and engine work. It should last us seven years.

VOTE: Zandri and Killen, no; all others, aye; motion duly carried.

ITEM #15 Consider and Approve a Transfer of Funds in the Amount of \$16,000 from Sworn Officers Wages Acct. #001-2002-100-1310 to Workers Compensation Acct. #001-2001-100-1630 - Police Department

Motion was made by Mrs. Duryea, seconded by Mr. Rys.

Mr. Rys asked, how many men are out on Workers Compensation currently?

Chief Douglas Dortenzio responded, eight or nine.

Mr. Rys asked, out of those what is the classification of injuries?

Chief Dortenzio responded, one is probably a pension situation that was awaiting funds to be transferred months ago; several have undergone or are scheduled to undergo surgery which he suspects will be long term absences in nature and he has the usuals which are out not more than a few days.

Mr. Rys asked, what if the men wanted to work in another position within the department?

Chief Dortenzio responded, there are no positions in the agency for work where you cannot perform the essential functions for the job for which you are hired, in essence, light duty.

Mr. Rys stated, he has called a few departments (police) within the State and it runs approximately 60-40. About 60% of the departments provide for light duty for their men and 40% don't.

Chief Dortenzio stated, it bloats the agency. He worked at an agency that had fifty people who had been on the light duty for ten years. In essence, you need to hire fifty more new police officers to do police work because you have created work in the agency where none existed before. You have put people to work doing menial clerical work for twice the salary and considerably more benefits than the clerical people who had routinely performed that work. It featherbeds the agency and bloats all of your costs. There is a lot of literature on the issue advising against the practice for economical reasons. Under new federal law dealing with disabilities, if you are going to

establish light duty in the agency then you no longer have a justification for hiring capable people when you seek recruits. You establish new thresholds, you have lowered it. If you are going to take people in the Police Department telling them they can reside there for twenty-five years in the capacity or pay of police officer but do not have to do police work, then you have lost your justification to test individuals with physical agility exams and medical exams to determine that they are capable of doing it. You have already established that they don't have to in order to be employed and to retain employment. It is a complex problem that is becoming more of a problem.

Mr. Rys asked, do we have sworn officers doing office work now?

Chief Dortenzio stated, we do have officers who do work both in the office and in the field. All of the police officers we have working are capable of doing police work. Most of those who spend time in the office also spend a portion of their day in the field. Some of those office people transport our prisoners to the court system. They are responsible for the custody of those prisoners as well as their safe keeping. We do have cases where those same individuals stop when they see on-site violations or are diverted to calls and they are capable of handling them.

Mr. Rys stated, if the person wants to work light duty, it would be more advantageous to the Town to be able to have those positions. You currently have four vacancies and nine people down.

Chief Dortenzio stated that the department has to also be careful not to bring someone back to work too early making their condition worse. Some injuries will have a short recuperation time and others will not. Still others will not come back at all. In time those positions will be filled.

VOTE: Killen and Zandri, no; all others, aye; motion duly carried.

ITEM #16 Consider and Approve a Transfer of Funds in the Amount of \$58,500 from Depreciation Acct. #403 to Outside Legal Services Acct. #923-2 - Electric Division

Motion was made by Mrs. Duryea, seconded by Mr. Knight.

Raymond Smith, Director of Public Utilities Commission explained, during the course of the extensive negotiations and legal work that has been ongoing, we have utilized all the funds allocated in the current fiscal year for that purpose. The complexities of the contracts and ongoing process was not anticipated at the time of the budget formation. They are requesting an additional \$36,000 for the Miller, Balis and O'Neill activities, in addition a couple of union arbitration matters for William Cominos, General Manager of the Electric Division which should cost in the neighborhood of \$22,500.

Mr. Killen asked, how many hours will the Town be getting for the \$22,500?

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Mr. Cominos responded, he could not recall what the estimated hours were but it entailed three arbitration cases. He will try and combine them into one which will probably reduce the amount by 25%, something in the neighborhood of \$15,000. It was an estimate on the attorney's part as to how long it will take to arbitrate these three cases which are pretty detailed.

Mr. Zandri asked if the division went out to bid on this?

Mr. Cominos stated that he will be requesting a waiver of bid on this item.

Mr. Zandri asked if these cases are specialized?

Mr. Cominos stated, they have to do with electrical injuries and suspensions that became eminent following the accident.

Attorney Small stated, those are the cases she wishes to discuss in executive session. If they are, in fact, handled together, then the fee will be reduced. We will be discussing a flat fee, particularly if the three can be combined in terms of an arbitrator hearing all three together, it reduces the amount of work.

ITEM #28 Motion was made by Ms. Papale to Move Agenda Item #28 Up to the Next Order of Business, seconded by Mrs. Duryea.

Mr. Gouveia left the meeting at approximately 1:10 a.m.

VOTE: Gouveia was absent; all others, aye; motion duly carried.

ITEM #28 Consider and Approve a Waiver of Bid for the Purpose of Hiring Outside Counsel for Pending Labor Arbitration as Requested by the Town Attorney

Motion was made by Mrs. Duryea to Waive the Bidding Process for Attorney Escalera to Provide Outside Legal Services for the Electric Division, seconded by Mr. Knight.

VOTE: Gouveia was absent; Zandri, no; all others, aye; motion duly carried.

Mr. Zappala asked, how much does Mr. O'Neill charge per hour?

Mr. Smith responded, \$185/hr.

VOTE ON ITEM #16: Gouveia was absent; Killen and Zandri, no; all others, aye; motion duly carried.

ITEM #17 Consider and Approve a Transfer of Funds in the Amount of \$2,500 from Transportation Equipment Acct. #392-095 to New Distribution Lines Acct. #343-095 - Water Division

Motion was made by Mrs. Duryea, seconded by Mr. Knight.

VOTE: Gouveia was absent; Killen and Zandri, no; all others, aye;

motion duly carried.

ITEM #18 Consider and Approve a Resolution Authorizing the Mayor to Make Application to the State of Connecticut Department of Public Health and Addiction Services for a \$10,000 Grant for the Mayor's Council on Substance Abuse Prevention Program - Youth Service Bureau

Motion was made by Mrs. Duryea to Approve the Resolution and Append a Copy of it to the Minutes (Appendix II), seconded by Mr. Knight.

Mr. Killen asked, does this entail any obligation on the part of the Town to add money in addition to this \$10,000?

Susan McLaughlin, Director of Youth Service Bureau, responded, no, this is the same grant that we have received for eight years. It is allocated to us on the basis of our population. The total grant is \$5,665.00 That is the amount that will be received, no strings attached.

VOTE: Gouveia was absent; all others, aye; motion duly carried.

ITEM #19 Consider and Approve a Waiver of Bid for the 1994 General Election Printing, Materials and Supplies as Requested by the Office of the Town Clerk

Motion was made by Mrs. Duryea, seconded by Ms. Papale.

VOTE: Gouveia was absent; Zandri, no; all others, aye; motion duly carried.

ITEM #20 Consider and Approve a Transfer of Funds in the Amount of \$211 from Re-Creating Volumes Acct. #6030-999-9907 to Elections Acct. #6030-400-4060 - Town Clerk

Motion was made by Mrs. Duryea, seconded by Ms. Papale.

VOTE: Gouveia was absent; Killen and Zandri, no; all others, aye; motion duly carried.

ITEM #21 Consider and Approve a Transfer of Funds in the Amount of \$2,850 from Contingency Reserve for Emergency Acct. #001-8050-800-3190 to LHHS/SHS Championship Ceremony Acct. #001-1300-600-6030 - Mayor's Office

Motion was made by Mrs. Duryea, seconded by Mr. Knight.

Mr. Zappala asked, how many jackets are we purchasing?

Mayor Dickinson responded, twenty or thirty, it is a large team and this is their third championship.

VOTE: Gouveia was absent; Killen and Zandri, no; all others, aye; motion duly carried.

ITEM #22 Consider and Approve a Transfer of Funds in the Amount of

\$7,179 from Council Contingency Reserve for Emergency Acct.
#8050-800-3190 to Misc. Fact-Finding Acct. #001-1300-600-6020 -
Mayor's Office

Motion was made by Mrs. Duryea, seconded by Ms. Papale.

Mrs. Duryea asked the Mayor, what is the Misc. Fact-finding Account for?

Mayor Dickinson answered, this account is used to pay for the service of arbitrators and labor department personnel for fact-finding in arbitration. We pay our share of whatever their fees are out of this account. We are utilizing the funds fairly rapidly, hence the request for additional monies and we will most likely have to request more by the end of the year.

Mr. Knight asked, how many arbitrations is this transfer funding?

Mayor Dickinson believed it to be two.

Mr. Zandri asked, these are the same arbitrators who negotiate these great contracts?

Mayor Dickinson answered, they don't negotiate them, they listen to the arguments and decide what they like.

Mr. Zandri warned, in the upcoming budget there had better be more funds budgeted in this account because every single union will be going to arbitration.

Mayor Dickinson agreed saying, there is no penalty for going to arbitration. In all the time that I have been Mayor there has been no penalty for going to arbitration. That is the problem with the system.

VOTE: Gouveia was absent; Killen and Zandri, no; all others, aye; motion duly carried.

ITEM #23 Consider and Approve a Resolution Authorizing the Mayor to Enter Into an Agreement with the State of Connecticut for the Design, Construction, Inspection and Maintenance of Intersection Improvements at Barnes Road and Barnes Industrial Road North - Mayor's Office

Motion was made by Mrs. Duryea to Approve the Resolution and Append a Copy of it to the Minutes (Appendix III), seconded by Mr. Knight.

VOTE: Gouveia was absent; Killen, Rys and Zandri, no; all others, aye; motion duly carried.

ITEM #24 Consider and Approve a Transfer of Funds in the Amount of \$800 from Contingency Reserve for Emergency Acct. #001-8050-800-3190 to Police Administration Town Share-Off System Accident Fund Acct. #001-2001-600-6700 - Mayor's Office

Motion was made by Mrs. Duryea, seconded by Ms. Papale.

VOTE: Gouveia was absent; Killen and Zandri, no; all others, aye; motion duly carried.

ITEM #25 Discussion and Possible Action on a Proposal by CRRA to Construct an Underground Dam at the Ash Landfill Site as Requested by Councilor Geno J. Zandri, Jr.

Motion was made by Mrs. Duryea, seconded by Mr. Zandri.

Mr. Zandri asked the Mayor, it is my understanding that an underground dam has been proposed and the cost of the project will be borne by the project towns, is that correct?

Mayor Dickinson stated, expenses of this kind would be borne by the project towns but he is not aware of a proposal to....we have not received a proposal or cost figures as far as implementing a dam. It may have been mentioned as a means of preventing the leachate from leaving the property but it has not been presented to the Board to his knowledge.

Mr. Zandri stated, the minutes of their meetings reflect that they have two options, one is to purchase the property outright and the second one was to build the dam. It was his understanding that the purchase of the property was too expensive and the dam is the way they are leaning.

Mayor Dickinson stated, to my knowledge it has not been before the project board, perhaps the CRRA Board has dealt with it but not the project board.

Mr. Zandri stated, he would like to see the Town take a position that the State be responsible for the costs associated with this if it happens. The reason for his statement is that this town, in itself, had many residents that were vigorously opposed to this project in its entirety, but in particular one of their major concerns was the Town's landfill and the ash being disposed of there. The State many times appeared before the Council practically guaranteeing that there would be no leaching and there would be no problem, etc. The group warned everyone stating that the state of the art was to have an ash landfill lined and the State, again, said it was not necessary for our particular landfill and so now, after the fact, we have a problem that we must now deal with. The residents of this Town and other towns associated with this project should not be responsible for the costs associated with, in his opinion, an error that was delegated by the State. If they will make all these promises and guarantees, when they fail they should be responsible for the costs associated with them.

Mayor Dickinson stated that legislation has been proposed...requested from the State General Assembly to deal with it.

Mr. Zandri was not sure if a formal motion was necessary. With the Mayor representing the Town he should convey the message to the project board that the Town should not be responsible for this cost.

Mayor Dickinson stated, the mechanism would be a State law and

December 13, 1994

appropriation of funds at the State level to handle the expense otherwise CRRA does not have the money, itself. He stated that the project board most likely would not have any problem with seeking legislation, CRRA would support that. The Town has taken the position of not being responsible for the cost.

Mr. Knight stated, he understands that Rep. Mary Fritz has been involved in this issue as well to discuss the remedy of having the State be responsible for the costs.

Mayor Dickinson stated that he has met with Mary Fritz and other legislators and provided to them a booklet where it was indicated proposals for legislation and that was one of the subject matters discussed.

ITEM #26 Executive Session Pursuant to Section 1-18a(e)(2) of the CT. General Statutes Regarding Strategy and Negotiations with Respect to Pending Litigation

- Labor Arbitration
- Stevens v. Town of Wallingford

Executive Session Pursuant to Section 1-18a(e)(4) of the CT. General Statutes with Regards to the Purchase, Sale and/or Lease of Property

Motion was made by Mrs. Duryea to Enter Into the Executive Sessions, seconded by Mr. Rys.

VOTE: Gouveia and Papale were absent; all others, aye; motion duly carried.

All Councilors, with the exception of Mr. Gouveia were present in executive session along with Mayor Dickinson and Attorney Janis Small.

Motion was made by Mrs. Duryea to Exit the Executive Sessions, seconded by Mr. Killen.

VOTE: Gouveia was absent; all others, aye; motion duly carried.

ITEM #29 Consider and Approve a Waiver of Bid for the Purpose of Hiring Outside Counsel to Oversee the School Building Expansion Project as Requested by the Town Attorney

Motion was made by Mrs. Duryea, seconded by Mr. Knight.

Atty. Small stated, she is looking to hire a construction law attorney to assist in putting together the documents, to give her insight into certain things that she ought to be looking for. The time constraints being placed on her to review the documents are overburdening.

VOTE: Gouveia was absent; all others, aye; motion duly carried.

ITEM #30 Consider and Approve Tax Refunds (#119-160) in the Amount of \$4,285.80 - Tax Collector

Motion was made by Mrs. Duryea, seconded by Mr. Rys.

VOTE: Gouveia was absent; all others, aye; motion duly carried.

ITEM #31 Note for the Record Anniversary Increases Approved by the Mayor to Date

Motion was made by Mrs. Duryea, seconded by Mr. Rys.

VOTE: Gouveia was absent; all others, aye; motion duly carried.

ITEM #32 Approve and Accept the Minutes of the November 22, 1994 Town Council Meeting

Motion was made by Mrs. Duryea, seconded by Mr. Rys.

VOTE: Gouveia was absent; Killen and Knight abstained; all others, aye; motion duly carried.

ITEM #33 Approve and Accept the Revised Schedule of Town Council Meetings for Calendar Year 1995

Motion was made by Mrs. Duryea, seconded by Mr. Knight.

VOTE: Gouveia was absent; all others, aye; motion duly carried.

Mr. Solinsky asked the Town Attorney, if this meeting is continued to Monday, December 19th at 5:30 P.M. when will the minutes be due? Will they be due seven days after the 19th?

Attorney Small responded, yes, seven days from the conclusion of your meeting.

Motion was made by Mrs. Duryea to Continue This Meeting to December 19, 1994 at 5:30 P.M. in the Robert Earley Auditorium for the Discussion and Possible Action on the Following Items of Unfinished Business on this Agenda:

2. Remove from the Table to Consider and Approve the Abandonment of Property Adjacent to Pent Highway
26. Executive Session Pursuant to Section 1-18a(e)(4) of the CT. General Statutes with Regards to the Purchase, Sale and/or Lease of Property
27. Discussion and Possible Action on the Selection of a Possible Site for the Recreation Center - Park and Recreation Commission

Seconded by Mr. Killen.

VOTE: Gouveia was absent; Zappala, no; all others, aye; motion duly carried.

There being no further business, the meeting adjourned at 2:35 a.m. and Continued to December 19, 1994 at 5:30 P.M.

December 13, 1994

Meeting recorded and transcribed by:

Kathryn F. Milano
Kathryn F. Milano
Town Council Secretary

Approved by:

Thomas D. Solinsky
Thomas D. Solinsky, Chairman

1-11-95
Date

Kathryn J. Wall
Kathryn J. Wall, Town Clerk

JAN 11 1995
Date

CERTIFIED RESOLUTION OF THE TOWN OF WALLINGFORD

WHEREAS: The Wallingford Public Utilities Commission has recently voted to accept a proposal submitted by CMEEC-NU to provide electric power to Wallingford for a period of ten to twelve (10-12) years; and

WHEREAS: The dollar value of the eminent contract between CMEEC-NU and the TOWN of Wallingford may potentially reach one-half of one billion dollars; and

WHEREAS: Every ratepayer and taxpayer is effected by this contract; and

WHEREAS: All negotiations were concluded in private and all information was kept confidential so as to protect the public interest; and

WHEREAS: When it was appropriate and timely to inform and engage the public in the discussion about the proposals, the steps and procedures by which to accomplish this were inadequate; and

WHEREAS: The Town Council recognizes and believes that the Public Utilities Commission also recognizes that it is in the best interest of the Town to keep its citizens well-informed on the issues that effect them;

NOW THEREFORE BE IT RESOLVED: That the Town Council of the Town of Wallingford, through its Chairman, requests that the Wallingford Public Utilities Commission make a detailed presentation of the CMEEC-NU contract proposal at the next scheduled Town Council meeting.

Certified a true copy of a resolution duly adopted by the Town of Wallingford at a meeting of its Town Council on _____,
(Date)

which has not been rescinded or modified in any way whatsoever.

(Date)

(Clerk)

Appendix III

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WALLINGFORD
FOR A YOUTH SERVICE BUREAU GRANT**

WHEREAS, the State Department Public Health and Addiction Services has offered the Town of Wallingford a grant for Fiscal Year 1995 for purposes of operating the Mayor's Council On Substance Abuse Prevention of the Wallingford Youth Service Bureau, and

WHEREAS, it is desirable and the best interest of the residents of Wallingford to accept said grant:

NOW, THERE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF WALLINGFORD:

1. That it recognizes the responsibility for the provision of local grant to the extent that they are necessary and required for said program.
2. That the filing of an application by the Town of Wallingford in an amount not to exceed \$10,000 is hereby approved and that the Mayor of the Town of Wallingford is hereby authorized and directed to execute and file such application with the Department of Public Health and Addiction Services, to provide such additional information, to execute such other documents as may be required by the Department, to execute a Grant Action Request with the State of Connecticut for state financial assistance if such an agreement is offered, to execute any amendments, recisions, and revisions thereto, and to act as the authorized representative of the Town of Wallingford.