

TOWN COUNCIL MEETING

SEPTEMBER 12, 1995

6:30 P.M.

AGENDA

*** NOTE EXECUTIVE SESSION AT START OF MEETING ***

1. Roll Call and Pledge of Allegiance
- 2a. Executive Session Pursuant to Section 1-19(b)(9) of the CT. General Statutes Regarding Strategies and Negotiations With Respect to Collective Bargaining
- b. Consider and Approve the Consolidated Pension Plan for All Management and Supervisory Employees of the Town of Wallingford Effective February 5, 1995 to Expire June 30, 2002 - Personnel Department
- 3a. Consider and Approve a Resolution Officially Naming the Wallingford Animal Shelter as the "Shirley Giannoti Animal Shelter" as Requested by Councilor Peter A. Gouveia
- b. Consider and Approve a Transfer of Funds in the Amount of \$142 from Meetings, Seminars & Dues Acct. #001-1110-701-7990 to Office Expenses and Supplies Acct. #001-1110-401-4000 - as Requested by Councilor Peter A. Gouveia
- 4a. Consider and Approve Accepting Three (3) Roads To Be Approved by the Planning & Zoning Commission at their September 11, 1995 Meeting:
 - Grieb Trail
 - Kazersky Drive and a Portion of Brockett Road
 - Celestial Lane
- b. Consider and Approve Accepting Small Portions of Land Along Various Roads Required as Part of Subdivision Approval
 - 3,861 sq. ft. of Land Along Williams Road
 - .16 acres of Land Along Parker Farms Road
 - Portion of Land Along Tuttle Avenue
5. PUBLIC QUESTION AND ANSWER PERIOD - 7:30 P.M.
6. PUBLIC HEARING on an Ordinance Appropriating \$250,000 for Repair/Improvement of South Turnpike Road and Grieb Road Bridges - 7:45 P.M.
7. Consider and Approve Accepting Two Quit Claim Deeds for the Elimination of Drainage Easements Located at #177 & #179 Parker Farms Road - Law Department

(OVER)

8. Consider and Approve an Appropriation of Funds in the Amount of \$3,379 from Revenues to Expenditures of the Adult Education Fund - Comptroller
9. Consider and Approve an Appropriation of Funds in the Amount of \$101,909. from Revenues to Expenditures of the Local Capital Improvement Fund - Comptroller
10. Consider and Approve an Appropriation of Funds in the Amount of \$84,591. from Revenues to Expenditures of the Town Aid Road Fund - Comptroller
11. Consider and Approve an Appropriation of Funds in the Amount of \$365,092. from the Education Cost Sharing Grant Acct. #001-1030-050-5025 to School Transportation Grant Acct. #001-1030-050-5060 - Comptroller
12. Consider and Approve a Budget Amendment in the Amount of \$2,000 Increasing the Maintenance, Structures & Improvement Acct. #631-000 and Decreasing the Retained Earnings (Unappropriated) Account - Sewer Division
13. Consider and Approve a Budget Amendment in the Amount of \$5,000 Increasing the Sewer Treatment Facility Account #129-096 and Decreasing the Retained Earnings (Unappropriated) Account - Sewer Division
14. Consider and Approve a Transfer of Funds in the Amount of \$134,043. from Fuel Adjustment Acct. #555FA to Purchased Power Acct. #555 - Electric Division
15. Discussion on the Potential Effects of Deregulation of the Electric Industry on the Town of Wallingford's Electric Utility as Requested by Councilor Geno J. Zandri, Jr.
16. Consider and Approve Tax Refunds (#19-21) Totalling \$1,210.10 - Tax Collector
17. Note for the Record Mayoral Transfers Approved to Date
18. Note for the Record Anniversary Increases Approved by the Mayor to Date
19. SET A PUBLIC HEARING for September 26, 1995 at 7:45 P.M. on An Ordinance Appropriating \$3,965,000 for the Planning, Acquisition and Construction of the Replacement of the Durham Road Sewer Pump Station
20. Approve and Accept the Minutes of the August 22, 1995 Town Council Meeting
21. Executive Session Pursuant to Section 1-18a(e)(2) of the CT. General Statutes with Respect to Pending Litigation and Tax Appeals
22. Consider and Approve Settlement of Tax Appeals - Law Department

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6:30 P.M.

A regular meeting of the Wallingford Town Council was held on Tuesday, September 12, 1995 in the Robert Earley Auditorium of the Wallingford Town Hall and called to Order by Chairman Thomas D. Solinsky at 6:34 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 6:35 P.M. Mayor William W. Dickinson, Jr. was present; Town Attorney Janis M. Small arrived at 7:17 P.M. and Comptroller Thomas A. Myers arrived at 7:12 P.M.

The Pledge of Allegiance was given to the Flag.

A moment of silence was observed for Peter Hale of Scard Road, Former Chairman of the Planning & Zoning Commission and local historian of our community.

ITEM #2a Executive Session Pursuant to Section 1-19(b)(9) of the CT. General Statutes with Regards to Strategies and Negotiations with Respect to Collective Bargaining

Motion was made by Mrs. Duryea to Enter Into Executive Session, seconded by Ms. Papale.

VOTE: All ayes; motion duly carried.

Present in Executive Session were all Councilors, Mayor Dickinson and Acting Personnel Director Thomas Sharkey.

Motion was made by Mrs. Duryea to Exit the Executive Session, seconded by Ms. Papale.

VOTE: All ayes; motion duly carried.

ITEM #2b Consider and Approve the Consolidated Pension Plan for All Management and Supervisory Employees of the Town of Wallingford Effective February 5, 1995 to Expire June 30, 2002 - Personnel Department

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

Mr. Sharkey listed the major changes to the plan as follows:

- increase in multiplier from 2.15% to 2.25%
- simple five year vesting
- increase survivorship benefits
- in-service increased from 50% to 60%
- non-service increased from 45% to 50%
- deletion of the 50% plus dependency requirement in the definition of surviving spouse
- addition of a rule of 85 for purposes of early retirement

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Philip Wright, Sr., 160 Cedar Street asked, how much more will this cost the Town?

Mr. Sharkey responded, approximately \$36,000 per year for it amounts to 1.3% of payroll. This pension plan covers sixty union employees.

Mr. Wright pointed out that the \$36,000 is the additional amount. He asked what the total amount of cost is to the Town.

Mr. Sharkey guessed the amount to be approximately \$356,000. The Town currently contributes 10.4% to the fund based on an average salary of \$50,000 for the sixty employees of the group.

Mr. Wright asked, to what extent does this get involved with the amount of money the Town currently puts in the pension fund?

Mr. Sharkey answered, it will effect it, that is why when we have these negotiations we check with our actuary to see how the union requests will effect the Town in terms of cost.

Mr. Wright asked, is this the same group that was up in arms last year when the Council would not approve the transfer for their contract?

Mr. Sharkey responded, yes.

Mr. Wright asked, what was the percentage of increase of their last contract?

Mr. Sharkey responded, 3.75% raise for the first year of the three year contract. This pension agreement is for a term of seven years.

Mr. Wright asked, we are incurring a 1.3% increase compounded over seven years?

Mr. Sharkey responded, it is a 1.3% increase per year.

Mr. Wright pointed out, it is a 1.3% increase the first year and a 1.3%+ increase for the second year and so on and so on. By the end of the seven years, what does that amount to?

Mr. Sharkey responded, seven times \$36,000...about \$250,000.

Mr. Zandri stated, the Town pays an additional \$36,000 per year plus the same employee's salary increases.

Pasquale Melillo, 15 Haller Place, Yalesville asked the Mayor for his opinion of this agreement and also solicited opinions from the Councilors.

Mayor Dickinson responded, the agreement is before the Council because, administratively, we are recommending the approval of it. It represents an increase in cost, however, we feel that the cost is one that is manageable and we feel that it is in our interest to approve this rather than go to binding arbitration. There is an increase but it comes in close to the 1% that we are aiming for. It avoids some

things that were requested that are far more expensive, a reduction in the contribution, an inclusion of a C.O.L.A. (cost of living increase), etc., things that we are not approving. So, on balance, we feel that it is in the interest of the Town to approve this for it helps to control our costs and we feel it is fair to the employees as far as the pension program.

Mr. Zandri stated, on the other side of the coin, we are talking about a group that only a few years ago got a salary enhancement to bring them up to the outside world. That was a very hefty sum at that particular time. We have got to look at what is going on out there in the private sector. These people are lucky to have their jobs today. The benefits that all Town employees have far outweigh what the average person has. To enhance any benefit to any employee is a mistake on the Town's part.

Mr. Gouveia commented that if you accept the Mayor's premise, then you have to accept the fact every time you negotiate with this union, you are negotiating chained to the bargaining table. Don't be afraid of binding arbitration. As he stated in the past when the Council approved this unit's contract, we should have gone to binding arbitration and voted against the first binding arbitration award. This is another example of a group of public servants who truly feel they are above those people who pay their salary, benefits and pensions. We will do a great disservice to the entire community if we approve this. Take a minute and look at the increases that they have received for the past six years. Look at the benefits they are receiving now and then look at what they are striving to get in addition to that. This bargaining unit shows a total disregard for the people of this Town. This unit continues to try to get more and more and more.

Mr. Melillo asked other Councilors to comment.

No other Councilors had a comment at this point in time.

Mr. Melillo stated that the Council should reject this agreement. He urged everyone to think carefully before voting on this tonight.

Mr. Killen asked Mr. Sharkey, how much would be required to fully-fund the pension fund?

Mr. Sharkey responded, probably another \$3.3 million.

Mr. Killen asked, in dollars and cents, how much is necessary to be fully-funded at this point?

Mr. Sharkey answered, about \$76-77 million. That figure will always shift as people reach the age of retirement.

Mr. Killen pointed out that the fund exhibits a balance of \$80 million currently.

Mr. Sharkey stated, we have a book value of \$82 million.

Mr. Killen stated, we are fully-funded now.

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Mr. Sharkey has witnessed cases where people are over-funded and therefore change a few assumptions and all of a sudden they are under-funded.

Mr. Killen stated, we are changing assumptions in the other direction. We have been double-dipping all over the lot. There is no doubt that we are fully-funded and then some. That is the weak point when we appear before the binding arbitration panel.

Mr. Sharkey responded, they do not use market value in the actuarial report because of the fluctuation that occurs. We may have \$82 million today which could be \$80 million tomorrow or \$84 million.

Mayor Dickinson stated, one of the strengths of our pension plan is that we have not varied from accepting professional advice. We have followed the professional advice of an actuary every year. It is in our interest to do so. We have not varied because of differing opinions. It has proven to be beneficial to the Town.

Mr. Killen added, the figures show that this was either a thirty or forty year plan and we are so far ahead of schedule it is not funny. If we continue to pay at the current rate we will continue to be over-funded. We are not receiving anything for those dollars that we are putting in there that could be used.

Mayor Dickinson stated, as a result of the funding we have dropped in our contribution from 22% of salary to 10%. Even at 100% funded we will continue to have to contribute 7% or 8% of salary to maintain that 100% level.

Mr. Killen stated, it is not necessary to put the amount of money into the fund that we did this year or last year. The goal of the actuary is not necessarily the same goal as the people of Wallingford have.

Mr. Knight stated that he finds this issue as difficult as voting on the management contract. He asked Mr. Gouveia to elaborate as to why arbitration is not to be found suspect. With regards to arbitration decisions, he is yet to see something that is truly in the Town's favor. We all have said it at one time or another, this is a stacked deck and it remains to be so. He asked, what do we have to gain by going to arbitration other than exposing ourselves to losing some of the real differences between what this group pays as opposed to what other groups pay in the Town?

Mr. Gouveia responded, we are not exposing ourselves, it is already public knowledge. The point is this, we have a law that we seem to be afraid of without being willing to follow the full extent of that law. If you lose in arbitration, if the arbitrator(s) find in favor of the union, you have another opportunity to vote against that and send it back to another arbitration. We have not been able to take that stand. Take that stand and see what happens. This is not a case to debate arbitration or not. He wanted everyone to understand what the term "fully-funded" means. He asked Mr. Killen, by stating that the account is fully-funded, does it mean that if every single employee of the Town were to retire today, would we have enough money to pay for their pensions?

Mr. Killen responded, that is his presumption.

Mr. Gouveia then asked, then \$76 million would be enough to pay for those pensions?

Mr. Killen responded, absolutely.

Mr. Gouveia pointed out, that is what fully-funded means. Yet, we have \$80 million in the account. We know that not everyone is going to retire today, nor tomorrow, nor the next day. If we vote to approve this we will be kicked in the head once again and at who's expense? Remember, we are not dealing with our money, we are dealing with the public's money. Their money is better served left in their own pocket than be collected here. Government does not do a very good job of saving taxpayers money.

Philip Wright, 160 Cedar Street stated, perhaps the Mayor's comments should be stricken from the record for they are merely scare tactics. We should be looking at the taxpayer. A good many of the employees in this Town are taxpayers. They are going to take everything that we give them as long as they feel it is available to them. He does hear from many of the employees that they are taking out of one pocket and putting it back in the other. We must strike a balance. Municipal, State and Federal Government exists not to serve the people but to pay the employees who work for it. Bureaucracy feeds on this stuff. As long as we continue to have the attitude that if we try we may lose, we are never going to reverse this trend. He urged the Council to vote in opposition of this issue.

VOTE: All nay's; motion failed.

PUBLIC QUESTION AND ANSWER PERIOD

Zona Sorota, 61 Siliman Road stated that she was in receipt of her most recent water bill and described it as a hidden tax. For a three month period her bill is \$263. with only two people residing in the dwelling. She admitted that they performed frequent watering of their garden and lawn but felt it did not rate a \$131 sewer usage bill. She contacted several administrators in the Town and one P.U.C. commissioner and was told that this was all in line with surrounding towns. She distributed a list of surrounding towns and their respective water rates to the Council. She pointed out Wallingford's basic water bill is \$2.04 per one hundred cubic feet plus a basic charge. The sewer usage charge is 75% of the water consumption at a rate of \$2.89 per hundred cubic feet plus basic charge. North Haven is part of a three town consortium for water and they have a \$1.43 per one hundred cubic feet plus a basic charge, one time, of \$25.25. The sewer usage charge is \$143. per year. Meriden's water falls a little higher than Wallingford's at \$2.49 per one hundred cubic feet while their sewer usage charge is far below ours at \$1.73 (per one hundred cubic feet). New Haven's sewer usage charge is \$1.48 per one hundred cubic feet plus a basic charge of \$6.99 four times a year. This is nowhere near what the residents of Wallingford are being charged. What is this money being used for?

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Mrs. Sorota asked, are the salaries of the administrator's of the utilities ever published?

Mr. Solinsky explained that they appear in the budget book. A copy can be obtained by calling the Comptroller's Office.

Mrs. Sorota feared that a hidden tax is being accumulated in an account which no one but the utilities can get their hands on.

Mayor Dickinson stated, the increase in cost is due to the construction of new Water & Sewer Treatment Plants. A great deal of the budget expenses of the division is oriented to the increase in debt payment.

Mr. Solinsky asked Roger Dann, General Manager of the Water & Sewer Division if there was some other type of billing mechanism available on the sewer usage charge?

Mr. Dann responded, there are several ways for one to be a water and/or sewer customer. If you are a metered customer then you are billed for your water on the basis of 100% of the water that passes through the meter and 75% of that would be utilized for calculation of the sewer charge. If you are a water only customer who is metered, then you would be billed for 100% of your water. If you are a sewer only customer then, typically, you have a well and you are either billed as a flat customer based on an average consumption representative of usage town-wide or you have the option of installing a meter on your well at which point in time you can then be charged on the basis of the water which passes through that meter on the same basis as any other metered water and sewer customer would be.

Mr. Solinsky asked, is there any way to make adjustments for the fact that this woman waters her garden and lawn, therefore the water does not go down the sewer?

Mr. Dann explained the basis for the utilization of the 75% as the calculation method for sewer billing purposes. We have analyzed the Town's customers on the basis of what percentage of water is going to be returned to the sewer and 75% is a fair representation of what the average customer would return to the sewer. Obviously, that varies somewhat, seasonally. In the summer months there may be garden watering, car washing, etc. In the winter months there is very little of that, therefore, virtually 100% of what you utilize is, in fact, returned back into the sewer system. On average, over the course of a year, looking at our entire customer base, 75% is a good representation. For those customers who feel that because of excessive irrigation they would like to be charged only for the water use for that purpose, they do have the option of installing a separate water-only service which would then be a separate account and would be billed as a separate metered, water-only account. Some have chosen to take advantage of the option and some have not because there are plumbing modifications and some restrictions that are placed upon that type of service. A separate meter would be installed on a structured irrigation system exhibiting certain physical aspects such as a timer.

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The office can be contacted and someone can come out to the residence and look at it to make a recommendation as to what would have to be done to accommodate them.

Mrs. Sorota stated, that option does not help her nor does it address her problem with the rate being charged. She feels it is excessive.

Mr. Dann stated, the rates that are charged are predicated on the individual operating and capital needs of the Water and Sewer Division and based upon the predicted volume of water and/or wastewater that will be billed. He has informed the P.U.C. that as more of these types of meters are installed, we then have to look at those customers to see whether or not that results in a significant difference in their usage pattern, from the average customer. If it does then we may have to reflect that in the way in which we handle the residual billing that goes to that property. If it doesn't, if they remain consistent with the average for the rest of the customers, then that would not be a necessary item. There are not that many accounts out there like that but it is an item that would be looked at in greater detail as the number of irrigation-type accounts grows. It is not feasible to charge an individual rate for each individual customer. It is necessary in developing rates, whether they be electric, water, sewer, gas or any other rate structures, that certain elements of averaging over the customer base have to take place.

Mr. Killen asked, do you use that method for the water bills?

Mr. Dann responded, with regards to flat rate customers, yes.

Mr. Killen stated, the water bill is calculated by taking the number of cubic feet used and multiplying it by the rate. Nothing was assumed. It was all scientific. That is what is necessary to do with the sewer use. If you have to apply, then you have to supply an outside meter to make your case stand up, then that is what you should be doing.

Mr. Gouveia stated, Mrs. Sorota expressed a very valid concern. Are the fees being charged necessary for the maintenance and operation of the system or are we concerned with retained earning funds? Too often we are concerned with the retained earning funds. In 1991 the P.U.C. passed and adopted an increase of approximately 20-21%. This Council, via resolution, asked the P.U.C. to rescind that increase. They did so, to their credit. Yet, they have lived very well without that increase. Mrs. Sorota is right to be skeptical for he is skeptical, himself.

Rose Walsh, 5 West View Drive stated that she has had a running problem with a scholarship that her daughter, Amber, received last year from Lyman Hall High School. Amber received the FINN scholarship which she understood to be a four year, \$5,000 scholarship. She did receive the money last year. During the course of her school year she received a phone call stating that she needed to submit her grades for her to receive the scholarship. Amber did carry a 3.0 average throughout the school year so she felt that she was meeting her obligation. As the summer passed Amber did not receive the check,

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therefore becoming concerned. She contacted the Board of Education who told her that she needed to contact Attorney Adam Mantzaris. Upon calling Atty. Mantzaris she was informed by him that she needed to re-apply for the scholarship. Amber explained that she never received any information to that effect and that she had been called and a request made of her for her grades only. Amber then called Mrs. Hawkinson who was the teacher who recommended Amber for the scholarship, who also thought that the scholarship was supposed to be for the full four years with \$5,000 given each year. Mrs. Hawkinson offered to speak with the Attorney on Amber's behalf. In speaking with him yesterday, Attorney Mantzaris informed Amber that the scholarship was not renewable. He told her that she was not going to receive the scholarship this year, next year or the year after that and that was all there was to it. Amber asked Atty. Mantzaris to at least speak with the teachers who were willing to substantiate the information. Atty. Mantzaris stated, it would not make a difference. Mrs. Walsh explained that her daughter worked hard all through high school, was the captain of the swim team, captain of the track team, pulled high grades and did everything that she could and her main goal was to afford to go to college. At this point she may have to drop out of school next year and all we are being told is that she was supposed to re-apply or if she didn't she wasn't going to get the funds. Mrs. Walsh did not know who to turn to and what to do. She asked for some help on this issue.

Mayor Dickinson stated that the direction on the scholarship program comes from the Board of Education. Given this letter from Mr. Geisler to the Superintendent, it appears that it is a decision-making process which occurs on an annual basis. This is the first time that he is hearing of this issue. He will obtain Mrs. Walsh's telephone number and contact her after he investigates this matter further.

Mr. Solinsky asked the Comptroller if his office handles all the scholarship funds?

Mr. Myers responded, yes, we pay it out on the written advice of the Superintendent of Schools.

Mr. Solinsky asked, if this individual was awarded four years of scholarship funds would that information be on file somewhere in your office?

Mr. Myers responded, yes it should. This is the first instance in the past twenty-four years of anything of this nature happening. He vowed to look into this matter first thing in the morning. He informed the Council, however, that all scholarship funds are invested annually. If the request failed to come through or if it did and was misplaced, the funds were not drawn but were reinvested for the year. If it is determined that the funds are owed this individual the Council will have to take them from another source and replace them when that investment period is over.

Mr. Killen stated that it must first be determined whether or not Amber was informed of her duties and obligations with regards to the

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scholarship. If she was then the onus was on her to submit the necessary paperwork. If she was not properly informed then the funds will need to be taken from another source and forwarded to the school. Let's first determine whether or not she was informed correctly on the matter.

Philip Wright, Sr., 160 Cedar Street, stated that Frank Wasilewski, who was unable to attend this evening, asked that he pose the following questions and make the following statements to the Council on his behalf.

- Would Mr. Zappala see to it that the Advisory Maintenance Committee report out on a regular basis to the public and Council of their inspections of Town buildings?
- What is happening with the Wooding Property?
- What is happening with the American Legion Property?
- It is time that an accounting be given on a regular basis to the public and Council of where the Town stands on all the pieces of property they have? Where are we going with them?

Mr. Wright asked the Mayor to inform the public as to where the Town is going with regards to the various pieces of property that has been discussed at the meetings quite often.

Mayor Dickinson responded, with regards to the Wooding Caplan Property, the economy has not been supportive of going out to the private sector and obtaining proposals on what can be done with that property, returning it to some taxpaying use. Hopefully in the future there will be a return of better economic health and we can seek proposals for the property which may bring in some new ideas and ability to have private investment in that property. At this point we would not receive much in the way of a response because of the economy.

Mr. Wright stated, there was an effort to get something through the Council on this several years ago and it didn't fly and the Council did not approve what was proposed. To this date, nothing has come before the Council again on the matter. No alternate R.F.P. was developed and distributed. Perhaps it is time to put this in a fire sale. How much longer are we going to absorb the loss in taxes that we are incurring year after year?

Mayor Dickinson stated, it is in the interest of the community to choose the best time to seek private interests in that piece of property. The economy has not been in support of that lately.

Mr. Wright stated that the public should receive an update on a regular basis with regards to the properties that it has purchased such as the Wooding Caplan and American Legion properties.

Mayor Dickinson informed everyone that the bids have been solicited

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for the removal of the Lacey property. The bids for the asbestos and lead removal have come in too high, therefore Mr. McCully, Director of Public Works will re-bid the project.

Mr. Wright asked, how many bidders responded?

Mayor Dickinson was not certain of the number.

Mr. Wright asked, when may we expect to get some action on it again?

Mayor Dickinson responded, Mr. McCully expects to have the new bids in by the end of September or early October.

Mr. Wright asked that the Mayor report out on the results of the new bid at that time.

Mr. Wright asked, what is the status of the American Legion property?

Mayor Dickinson responded, there are no plans with regards to that property.

Mr. Wright then asked, what is the status of the Fairfield Blvd. property?

Mayor Dickinson answered, it is under design.

Mr. Wright asked, when will the design be complete?

Mayor Dickinson did not have a timeline on the project. Mr. McCully was hopeful that the project would be out to bid by December. The architect is designing it.

Mr. Wright asked, when was the architect supposed to have the plans ready for bidding?

Mayor Dickinson answered, the later part of the Fall.

Mr. Wright asked if the project was proceeding on the schedule that was proposed when this property was purchased?

Mayor Dickinson believed that to be so.

Mr. Wright asked, how would one obtain the information as to whether or not the job was on schedule? Should he contact Mr. McCully?

Mayor Dickinson advised Mr. Wright to do so for Mr. McCully would be more informed on the issue since he is overseeing the project.

Mr. Wright asked that Mr. McCully appear at an upcoming Council meeting to report out on the progress of the project.

Mayor Dickinson responded, if Mr. McCully is contacted he can answer Mr. Wright's question. If a large number of people were requesting the information then it would make sense for Mr. McCully to report out at a meeting, otherwise it can be handled over the telephone.

Mr. Wright recently read an article which appeared in the Record Journal stating that Meriden taxpayers invested some good money in the early 1960s and '70s for Burnes Park and hired a consultant to evaluate and develop a program to meet the recreational needs of the city, preserve its scenic beauty and, in general, improve and protect its quality of living. He wished that we had the same in Wallingford. He wished that the Town had a plan that we can say we are reaching, we have to change, we may have to scrap it and start all over again, but some plan to measure accomplishments against. He wished for accountability. In this regard, he wished Wallingford was as good as Meriden for a change.

Mr. Solinsky noted for the public that the public hearing that was to be scheduled this evening for September 26, 1995 was removed from the agenda. It will appear on the agenda of the September 26, 1995 meeting to set the public hearing for October 10th.

ITEM #6 PUBLIC HEARING on an Ordinance Appropriating \$250,000 for Repair/Improvements of South Turnpike and Grieb Road Bridges

Motion was made by Mrs. Duryea to Suspend the Reading of the Ordinance in its Entirety and Append a Copy of it to the Minutes of the Meeting, seconded by Ms. Papale (Appendix I).

Mrs. Duryea read the title of the ordinance along with Section I into the record.

VOTE TO SUSPEND THE READING OF THE ORDINANCE: All ayes; motion duly carried.

The sum of \$80,000 is appropriated for the repair/improvement to South Turnpike Road Bridge No. 148028 and \$170,000 is appropriated for the repair/improvement to the Grieb Road Bridge No. 148011 for a total of \$250,000.

John Costello, Town Engineer, explained that this is a continuation of the Town's attempt to repair or replace our structurally deficient bridges. At the present time we have five bridges under design. We have one bridge for which we expect the construction contract will be signed at the end of this month. The bridge on South Turnpike road is over what is called Mansion Road Brook. It is approximately one-half mile south of the Oakdale Theatre. It is in the vicinity of K&H Container. The Grieb Road bridge is at Grieb Road near the intersection of East Main Street. On its concrete wall is a date cast in it of 1914 and whoever paid for that certainly got their money's worth over the years. We will be receiving grants for all of these bridges. Some of the grants range from 30% which these two bridges are eligible for, up to 100%. For the eight bridges that we have, we average 60% federal and state funds and 40% local funds. For \$.40 on the dollar we are getting a lot of our bridges repaired and replaced.

Wes Lube, 15 Montowese Trail asked that the location of the South Turnpike Road bridge be explained to him once again.

Mr. Costello explained, it is actually a twin box culvert which is

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referred to under the local bridge program as a bridge.

Pasquale Melillo, 15 Haller Place, Yalesville stated that he was fully supportive of this proposal.

Mr. Gouveia asked, in addition to the grant funds, does the Town anticipate using the \$250,000 requested tonight? Is it possible that very little of the \$250,000 may actually be bonded?

Mr. Costello responded, the \$250,000 includes the grants. In the final accounting, it will not be all Town funds.

Thomas Myers, Comptroller, agreed that not all of the \$250,000 may be bonded.

Mr. Zandri asked Mr. Costello to elaborate on the statement made that 100% of some bridge work may be funded.

Mr. Costello explained, one bridge will receive 80% federal funds and 20% state funds. That is currently in the design phase and it is the Wall Street over Wharton Brook Bridge. We will only pay for engineering costs on that project. That is also true for the Quinnipiac Street Bridge as well. The construction contract will be signed for that project this month.

Mr. Killen asked if Mr. Costello suggested these bridge projects for the capital and non-recurring fund?

Mr. Costello responded, at the time he was not notified by the State that the bridges would be eligible this year until after the budget was prepared.

Mr. Killen pointed out that we have a six-year capital budget and if these projects did not appear this year because they were not going to be funded, somewhere they should have appeared in that six year plan that they were going to be done.

Mr. Costello agreed and accepted responsibility for that not happening.

Mr. Killen stated, all the Town ever budgets for in its six year plan is roads, bridges and culverts. It is as if the Town thinks that it does not have any other problems.

Mr. Gouveia asked, what is the criteria used by the federal and state government for determining which bridges are fully funded and which are not?

Mr. Costello was not really sure. He stated that road classification is one of the factors but he is not entirely sure of their criteria.

Mr. Gouveia stated, it would be helpful to know that information so that we may be prepared to challenge them in the future on their decision as to what level of funding should be awarded.

Mr. Costello will try to obtain that information.

Mr. Gouveia asked the Town Attorney, why does the Town hold a public hearing on bonding projects such as this when Section 7 of the ordinance clearly states, "The Town hereby expresses its official intent....to reimburse expenditures paid sixty days prior to and after the date of capital projects as defined in Section 1 with the proceeds of bonds, notes, or other obligations..."?

Mr. Myers responded, the language on reimbursement is language that is necessarily included as required by the Internal Revenue Code with respect to arbitrage earnings and other matters pertaining to municipal bonds. The sixty days prior is language in the code and has to be in the ordinance but does not apply to Wallingford because we do not extend any money prior to adoption of an ordinance or a legal budget. That practice would be in violation of our Charter. That is not the case in all communities throughout the nation and this is language that is used throughout the country for municipal bonding and reimbursement purposes.

Mr. Solinsky asked Mr. Costello, what criteria does he use to determine which bridges need repair?

Mr. Costello answered, the bridges are examined and rated by the State every two years, given a sufficiency rate and put on a priority list according to that rate. The Town has nothing to do with it at all.

Mr. Solinsky asked if Mr. Costello remains in contact with the Fire Chief to assure that the bridges can withstand the weight of the new fire apparatus?

Mr. Costello responded, the new bridges certainly can but we currently have a problem with the Quinnipiac Street bridge. We had to obtain special permission from the State to only use that bridge for emergency purposes. They can go to a fire via that bridge but are not supposed to return over it because it has a structural load limit and even the older equipment exceeded that limit.

Mr. Killen noted that additional road work is in the plans for Grieb Road over the next few years. Would it be beneficial to wait until that particular time to perform the work on the bridge?

Mr. Costello was not aware of any additional work planned for Grieb Road.

Mr. Killen pointed out that work is planned for North Farms Road, Grieb Road to Route 68 according to the six year capital plan.

Mr. Costello clarified that the work is only on North Farms Road. The bridge is in the vicinity but on another street. Nothing would be gained by waiting for it is two totally different types of operations.

Motion was made by Mrs. Duryea to Approve the Ordinance, seconded by Mr. Gouveia.

VOTE: All ayes; motion duly carried.

PUBLIC QUESTION AND ANSWER PERIOD (cont.)

Pasquale Melillo, 15 Haller Places, Yalesville had several questions surrounding the appropriation of funds within the Board of Education budget, namely the allocation of funds for student supplies and transportation.

Mr. Gouveia recommended that Mr. Melillo approach the Board of Education with his questions for the Council has no authority over how their funds are allocated on a line by line basis. The Council only approves the bottom line figure.

Mayor Dickinson stated that the Board of Education is entrusted with the responsibility of providing an education to the youth of Wallingford. They are elected by the residents of the town to perform that task.

Mr. Melillo felt that the Board of Education is not fulfilling their duties. An ordinance should be adopted to give the Mayor and Council more oversight on the Board's budget.

Mayor Dickinson explained that an ordinance cannot change State law which establishes who has what authority. The Mayor and Council make decisions regarding general government and the Board of Education makes the decisions regarding the educational needs of the Town.

The Chair declared a five minute recess at this time.

ITEM #3a Consider and Approve a Resolution Officially Naming the Wallingford Animal Shelter as the "Shirley Gianotti Animal Shelter" as Requested by Councilor Peter A. Gouveia.

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

Mrs. Duryea read the resolution into the record (Appendix II).

Mr. Gouveia stated, in thinking about the resolution and Mrs. Gianotti, he thinks about her devotion, dedication, resiliency and perseverance. He thinks of Santa coming to the animals and the animals coming to Santa (Santa Paws event). He thinks about dogs that were not destroyed that would have been, and dogs that were adopted that would not have been. He thinks about public employees who just don't get it and believe that they are the masters of those who pay their salaries, fringe benefits and pension. He thinks about those employees, like Shirley Gianotti, who believe that service to one's community is the rent that one pays for living in that community. He is proud to propose this resolution today. He proclaimed that Shirley Gianotti exemplifies the best in public service. In doing so, he feels that he is not only speaking for himself but for the Council and anyone else who, at one time or another, came in contact with Shirley in her capacity as Dog Warden. Mrs. Gianotti never rushed to be the first one to punch the time clock at the end of the day, for she was available twenty-four hours a day. She was never concerned about union contracts for she had more important things to worry about..the dogs. Despite the many obstacles and set backs, she was as dedicated

and devoted to her job on the last day of her twenty-one years of service as she was on the day Former Mayor Carini appointed her as Dog Warden. She is, indeed, the epitome of public servant. In passing this resolution, the people of Wallingford, through the Council, paid tribute to one of its servants for performing an exemplary job and helping make the town the caring community which it is.

Mr. Solinsky stated, this is very fitting and was glad that Mr. Gouveia proposed this resolution.

David Gessert, 90 Seiter Hill Road, P.U.C. Commissioner applauded the Council for taking this action. Shirley Gianotti deserved to be recognized and concurred with Mr. Gouveia's comment regarding her dedication, devotion and commitment to her job.

Mayor Dickinson stated, in knowing what type of problems and issues that Mrs. Gianotti was faced with, it certainly is very fitting that we recognize her reign as Dog Warden in the way that is suggested here. Some of the situations are truly amazing and he suggested that anyone that wants to know a little bit about the side of Wallingford that doesn't become immediately apparent, talk to Shirley about what she did in a variety of situations in the course of her duties. He recalled an incident when Shirley had overhead a call on the Police radio that one patrolmen was confronted with what he thought to be a large rat. Shirley headed right to the location for she knew what the problem was, she knew who owned the "rat" which turned out to be a ferret, and she rescued everyone involved. It is an honor well-suited to Shirley's dedication to duty on behalf of the Town.

VOTE: All ayes; motion duly carried.

ITEM #3b Consider and Approve a Transfer of Funds in the Amount of \$142 from Meetings, Seminars and Dues Acct. #001-1110-701-7990 to Office Expenses and Supplies Acct. #001-1110-401-4000 as Requested by Councilor Peter A. Gouveia

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

Mr. Gouveia publicly thanked the Town Council secretary for doing all the "leg work" in preparing the rendition of the sign that will be placed at the Animal Shelter.

Mr. Killen was dismayed that he had to vote in the negative on this issue due to his position on transfers. He concurred with Mr. Gouveia's comments regarding Shirley and stated that if the vote fails to approve the transfer he, himself, will pay for the cost of the sign.

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

ITEM #4a Consider and Approve Accepting Three (3) Roads to be Approved by the Planning and Zoning Commission at Their September 11, 1995 Meeting

- Grieb Trail
- Celestial Lane

- Kazersky Drive and a Portion of Brockett Road

It is noted that Celestial Lane was not yet approved by Planning & Zoning therefore only Grieb Trail and Kazersky Drive with a Portion of Brockett Road will be accepted.

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

Mr. Rys asked if Brockett Road was completed?

Tom Talbot, Assistant Town Planner responded, no, the subdivision was originally approved in two phases. This is the first phase. There is some open area at the end of the cul-de-sac that needs to be stabilized. When P&Z voted to accept the portion of Brockett Road they also voted to hold onto a maintenance bond in order to be able to make sure that the work was taken care of.

Mr. Rys stated that the lighting on Brockett Road is terrible. It does not afford lighting of the walkways. The type of lighting that exists is the ornamental type and not conducive to lighting the way for driving and/or walking. He is not pleased with the situation.

Mr. Talbot responded, the lighting systems in the open space subdivisions are designed and installed in accordance with Electric Division standards.

William Cominos, General Manager of the Electric Division was on hand for Item #14, therefore Mr. Rys posed the question of the requirements for adequate lighting of this type of subdivision to him.

Mr. Cominos responded, what is deemed to be adequate lighting is determined by both the Electric Division and the contractor. He would think that the Electric Division has the upper hand in the matter and if more lights were required at the time, they would have been put in and there would have been no debate with the contractor. He will look into the matter to determine whether or not the area is properly lit.

Mr. Rys stated, in speaking with some of the residents in the area they informed him that they have city sewers and well water. City water lines exist but are not connected to those residents and fire hydrants have not been put in place due to the fact that the Town does not have the proper pressure. What would happen once the Gaylord water tanks are established and the West side does achieve that pressure? Would the resident be required to hook up to the water or can they stay on their wells?

Mr. Talbot surmised that the reason they are not hooked up as of yet is because the public water lines only go up so far on Chimney Hill Road.

Mr. Rys asked, will the Town have to spend the money to bring the water lines from where Chimney Hill and the Strathmore Farms is to that area?

Mr. Talbot deferred that question to Roger Dann, General Manager of the Water & Sewer Divisions who was present in the audience for Items #12 & 13.

Mr. Dann responded, that would depend upon what happens in terms of development along that route. In the event that there would be other projects that would come along that would extend the water main along that route, ultimately to tie into this section of dry main being installed, then the Town would not have to do that. If that were not the case, either that project would have to be funded into our capital program if it was desired that we go up that way with the water supply or potentially at some point in time if there were a case of well failures or contaminations then possibly under order and with a certain amount of State reimbursement we may be obligated to make the extension. The reason those mains were put in as dry mains was because the Water Division was unable to supply adequate pressure to that area at the present time in order to justify tying those in today. We look for those as a future area that could be servicable as we develop out the West side tankage and that project, but not currently available for service.

Mr. Rys asked, are you saying that in the future any work that takes place in that area, the stipulation by P&Z will be that the developer is responsible for placing in the dry lines?

Mr. Talbot responded, correct.

Mr. Rys then asked, the Town would then be responsible for fulfilling the length of pipe necessary to bring into those developments?

Mr. Talbot answered, only if development along that stretch of Chimney Hill did not result in the same thing.

VOTE: All ayes; motion duly carried.

ITEM #4b Consider and Approve Accepting Small Portions of Land Along Various Roads Required as Part of Subdivision Approval.

- 3,861 sq. ft. of land along Williams Road
- .16 acres of land along Parker Farms Road
- Portion of land along Tuttle Avenue

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

Mr. Talbot explained that these pieces of land are a result of subdivisions where the street line is re-aligned as a result of the subdivision. With a subdivision you are required to move your street line back a certain distance from the center line of any given road. These pieces of land represent the difference between a previously existing property line and the new line as a result of the re-alignment of the roadway width.

Pasquale Melillo, 15 Haller Place, Yalesville asked if this action will cost the taxpayers any additional money to maintain the land?

Mr. Talbot responded, in two of the cases, the major portion of the property is currently or will be used for roadway improvements which will be the responsibility of the developer. The only cost to the taxpayer would be the maintenance of the roadway over time which is a

given.

VOTE: All ayes; motion duly carried.

ITEM #7 Consider and Approve Accepting Two Quit Claim Deeds for the Elimination of Drainage Easements Located at 177 & 179 Parker Farms Road - Law Department

Motion was made by Mrs. Duryea to Accept the Deeds and Append a Copy of them to the Minutes of this Meeting, seconded by Mr. Killen.

The Quit Claim Deeds are for #177 Parker Farms Road, John J. Troiano and Karen L. Troiano and for #179 Parker Farms Road, Lawrence S. Munson and Gail A. Munson (Appendix III).

Mr. Gouveia asked if the Town paid any money for the right-of-ways to begin with?

Attorney Small stated, it is her belief that they were dedicated at the time of subdivision plans where the land is dedicated in order to gain approval. There would not have been any payment of funds.

VOTE: All ayes; motion duly carried.

ITEM #8 Consider and Approve an Appropriation of Funds in the Amount of \$3,379 to Revenues and to Expenditures of the Adult Education Fund - Comptroller

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

Mr. Gouveia asked, if this is a budget amendment and the budget is an ordinance, don't we need a public hearing to amend the budget?

Atty. Small responded that she issued an opinion with regards to this matter in 1994. She came to the conclusion that it was not necessary to hold a public hearing.

Mr. Gouveia stated that the Charter clearly states that a public hearing must be held when amending an ordinance. The budget is an ordinance. Isn't a public hearing then required?

Atty. Small responded, the sections dealing with the budget specifies procedures for making alterations to the budget that do not include the requirement of a public hearing.

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

ITEM #9 Consider and Approve an Appropriation of Funds in the Amount of \$101,909 to Revenues and to Expenditures of the Local Capital Improvement Fund - Comptroller

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

Philip Wright, Sr., 160 Cedar Street stated that the public should

have more of an explanation on items like this. The average citizen has no idea what this is all about. He has never heard of the Local Capital Improvement Fund nor the Town Aid Road Fund.

Mr. Myers responded, the town budget book exhibits the Local Capital Improvement Fund and the Town Aid Road Fund which are budgeted under the State Grants heading. They are budgeted for separately for they must be accounted for separately by various State laws. When we prepared the 1995-96 budget we had information from the State that indicated that we would receive "X" number of dollars. That was based on the Governor's budget. The legislature then increased those allocations to the community. This is a budget amendment increasing both of these programs to the level which was funded by the State Legislature. That legislative approval occurred after the budget was adopted in May.

Mr. Killen stated that the purpose of a public hearing is to allow the public a say in the matter of expending their dollars. Collectively, these budget amendments total over \$190,000 and the public has no say in the matter what so ever.

Pasquale Melillo, 15 Haller Place, Yalesville asked if these repairs had anything to do with the Route 5 projects at all?

Mayor Dickinson responded, no.

Mr. Melillo asked if the repairs had anything to do with subsidizing businesses at the expense of the taxpayers?

Mayor Dickinson responded, no. These are grants of money that are annually approved by the State Legislature and were increased as a result of the General Assembly's action over what was proposed by the Governor. They are not tied to any development along Route 5.

Lester Slie, 18 Green Street asked, who picks out the roads that are to be re-paved?

Mayor Dickinson responded, the Director of Public Works who may consult with the Town Engineer.

Mr. Slie stated that he asked Mr. McCully two years ago if Green Street would be paved.

Mayor Dickinson stated that Green Street is listed as one of the roads to be paved with this money.

Mr. Gouveia asked, who makes the decision as to which streets are chip sealed?

Mayor Dickinson answered, in general the choice is primarily Public Works' but there is some consultation with the Town Engineer. As it has been discussed before, generally, the chip seal is used to seal a road that has substantial cracking to prevent water from undermining the road further. Usually it is a road that does not have a base under it. Where there is no base and no storm drainage, in general,

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you will find the chip sealing. Usually if there is a base and the road is in better condition the chip seal is not used. There can be exceptions to that and it depends upon the condition of the road. If it is beginning to break up there is an effort to seal the cracks like you would on a driveway and prevent the water from getting underneath and breaking it up further with an idea that at some point when the funds are available to re-build that road. It really is not based upon what is residential and what is country. It is based upon condition of road and whether or not there is a base and storm drainage.

Mr. Gouveia stated that there are roads with a base and storm drainage that are chip sealed.

Mayor Dickinson admitted that there are some exceptions but it is not generally the case.

Philip Wright, Sr., 160 Cedar Street asked, has this ever happened before with having to amend the budget for the receipt of these funds?

Mr. Myers responded, yes. Wallingford adopts its budget prior to the General Assembly adopting the final State budget. It may have happened three or four years ago but it did not happen in the past two years. These grants do not effect property tax dollars. They are budgeted separately outside of property tax accounts.

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

ITEM #10 Consider and Approve an Appropriation of Funds in the Amount of \$84,591 to Revenues and to Expenditures of the Town Aid Road Fund - Comptroller

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

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

ITEM #11 Consider and Approve a Revenue Budget Adjustment in the Amount of \$365,092 from the Education Cost Sharing Grant Acct. #001-1030-050-5025 to School Transportation Grant Acct. #001-1030-050-5060 - Comptroller

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

Mr. Gouveia asked Mr. Myers if there was any difference between a revenue budget adjustment and a budget amendment?

Mr. Myers responded, yes, this budget adjustment does not effect the bottom line. A budget amendment would effect the bottom line of the budget by increasing or decreasing it.

Mr. Rys asked, is this the money that is allocated to the State for

the transportation in the public school system?

Mr. Myers responded, yes, and referred the Council to the chart prepared by him and attached to Item #8. When the Wallingford budget was prepared the Town was advised by the State that we would receive a State Education Grant in the amount of \$16,102,000. That education grant was comprised of what had been three separate grants prior to this year. Those three grants were the Education Cost Sharing, Special Education Grant and the School Transportation Grant. We budgeted them as one line item in accordance with the way the State had re-constructed the three grants. After we adopted our budget the General Assembly split out the transportation grant from the main grant.

Mr. Rys asked, does the Board of Education give an idea of what their needs are, with regards to buses for the year, to the State and then the State gives them a portion of it back?

Mr. Myers responded, yes. These grants are based on applications filed by the Board of Education.

Mr. Rys asked, what happens during the course of a school year when the Board decides to cut out four or five buses? Do they have to return the money back to the State?

Mr. Myers responded, it would not be returned this year but could effect the following year's grant. This grant is based on last year's expenditures.

Pasquale Melillo, 15 Haller Place, Yalesville asked, is the Board still using taxis for the students? As he recalls that amounts to approximately \$96,000 per year. Why do they continue this practice?

Mr. Rys explained, that is the Board of Education's decision, not the Council's.

Mr. Gouveia stated, although this is a "wash" and we are not receiving any less money then what we budgeted for, in looking at the numbers it seems as though there is a reduction of \$20,236.

Mr. Myers responded, that is correct, we are receiving \$20,000 less than what was budgeted for.

Mr. Gouveia referred to footnote #4 on Mr. Myers' chart, noting that it states that the Town will receive \$30,472 as an incentive for the improvement in the State mastery scores. He asked, is that \$30,000 already included in our numbers?

Mr. Myers responded, no, if it is received from the State then he will reflect it on the financial statements as a separate item.

VOTE: All ayes; motion duly carried.

ITEM #12 Consider and Approve a Budget Amendment in the Amount of \$2,000 Increasing the Maintenance, Structures and Improvements Acct.

#631-000 and Decreasing the Retained Earnings (Unappropriated) Account
- Sewer Division

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

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

ITEM #13 Consider and Approve a Budget Amendment in the Amount of \$5,000 Increasing the Sewer Treatment Facility Account #129-096 and Decreasing the Retained Earnings (Unappropriated) Account - Sewer Division

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

Philip Wright, Sr., 160 Cedar Street asked, how much money do we have in the retained earnings account in the Sewer Division? Is there also a retained earnings account in the Water Division?

Roger Dann, General Manager of the Water & Sewer Divisions responded, the retained earnings referred to in this particular budget amendment relate to the current fiscal year. This is the net effect to the appropriation to retained earnings in the current fiscal year which is being adjusted as a component of this particular budget amendment.

Mr. Wright asked once again, what is the figure?

Mr. Dann responded, the Sewer Division budget reflects an appropriation to retained earnings of \$139,665. before this particular transfer, however, the budget also reflects a utilization of prior retained earnings in the amount of \$350,000. The budget, as it was proposed and accepted, ended in a net utilization of cash in the amount of \$230,985 of cash for the purposes of making this budget neutral.

Mr. Wright asked, by which process did we accumulate the retained earnings account?

Mr. Dann responded, those funds represent an accumulation of available cash as a result of operations in prior years. There was no one single event that resulted in a "windfall". If you recall the process for both rate planning and budget planning over the last several years, it has been the plan to appropriate those funds for the purposes of rate stabilization to the extent possible...we have been using funds accumulated for the purposes of trying to fund capital projects to the extent possible and avoid debt service and ultimately therefore provide for rate stabilization.

Mr. Wright asked, how much is in the pot now?

Mr. Dann answered, he did not honestly have that number. The divisions have just recently completed closing out the accounts for the last fiscal year. One of the things that we do at the end of that process is an internal review to go through and look at what we have available which is, in fact, unappropriated. He was glad to make that

information available to Mr. Wright once that has been accomplished.

Mr. Wright asked, is there any mechanism which allows the division to accumulate \$5 million or only \$500,000? Is there anything that says that there is a cap on the amount that can be accumulated in the retained earnings fund?

Mr. Dann responded, there is nothing that he is aware of. When you use the term "retained earnings" it is not synonymous with the term cash. In fact, the retained earnings in the Sewer Division are actually negative. That does not mean that there are not funds available for the purposes in use of the Sewer Division. Retained earnings is not the term you are looking for if you would like to know the available unappropriated funds of the division. There is no cap that he is aware of on the accumulation of funds. Retained earnings, in most cases, are going to continue to grow but that is because the definition of retained earnings is the accumulation of net income from year to year. As long as you have a positive net income you will continue to accumulate and increase retained earnings. Those funds, however, may be utilized for capital projects, therefore they may be retained earnings in the form of facilities rather than in the form of cash.

Mr. Wright asked, does the term "retained earnings" mean the same in the Water Division, Sewer Division and Electric Division?

Mr. Dann responded, yes.

Mr. Wright asked, is it a pot that you can draw from for many things?

Mr. Dann responded, that is not an accurate characterization. Retained earnings, is actually negative at this time. If you were to look at it as a pot there would be nothing in it to draw from. You have to look at the accumulation of whatever cash results from the bottom line of your budget over time as well as what ever portion of that is specifically appropriated, restricted or in some other way set aside for other projects. After that then there will be a resultant amount of funds which are available for other uses. Some of that is obviously used to provide for the cash needs of the divisions for normal operations. Some of the funds of the Sewer Division have been utilized for the purposes of finalizing the cost of the South Elm Street sewer so that we would avoid additional bonding, therefore additional debt service on the South Elm Street sewer.

Mr. Wright stated, you are telling me that the account has a negative balance yet you are taking money out of it. How is that possible? He asked Mr. Myers to explain that situation.

Mr. Myers explained that he did not have the figures in front of him tonight and at this point have not received the retained earnings breakdown from the Water & Sewer or Electric Divisions.

Mr. Killen pointed out that the Council is in receipt of the pre-audit report dated June 30, 1995. The figures are available. The retained earnings account reflects a deficit amount of \$2,039,833.81.

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Mr. Myers stated, in order to interpret that number you have to look at certain circumstances such as the availability of cash in the division, the division's plans for capital projects and other finances, etc. Although the balance sheets show a negative balance in the retained earnings fund the cash account reflects a balance of approximately \$3-4 million in cash and investments.

Mr. Killen noted that there are \$3 million in investments and \$48,000 in cash.

Mr. Myers stated, in order to interpret retained earnings position we need further information from management of the divisions.

Mr. Zandri asked, are you saying there is a deficit in retained earnings?

Mr. Dann responded, yes.

Mr. Zandri asked Mr. Dann to explain what the \$3 million investment is.

Mr. Dann responded, that would be cash to the division. There is a confusion over terms. Retained earnings and cash are not one in the same. It represents the accumulated result of net income. If there is a deficit in net income it will result in a reduction to retained earnings. Cash will represent, to some extent, the difference between the portion of retained earnings which is in capital facilities and the portion which may be in cash.

Mr. Zandri asked, what is the investment and where did the money come from?

Mr. Dann responded, that money would be the result of prior operations, bottom line. It would, in part, be the accumulation of funds that may have been received from connection charges to meet future requirements of the division, it may, in part, be funds which have been previously collected through the budget process as approved and set aside for specific projects. There may be funds of the division that are either in capital replacement funds or which have been set aside for a specific future project utilization. In addition to that there may be a certain amount of cash that would come in at the close of the fiscal year as a result of the June 1st billing but which would still be necessary to be utilized over the subsequent several months while we wait for the next quarterly bill. The cash of the division follows a cycle. That number is a "snapshot" that takes place on June 30th of every year. If you took that "snapshot" at a different time of the year you would see a different figure.

Mr. Zandri asked, are you saying that the majority of that \$3 million investment is monies set aside for capital projects?

Mr. Dann answered, it would have components of that, there is a substantial amount of money which has accumulated as the result of connection charges which would hopefully be used for capital projects as well. It is basically money reimbursed to help offset expenses we

have from prior capital projects.

Mr. Zandri asked, then the figure is correct on the \$2 million in the negative in retained earnings?

Mr. Dann answered, that is the pre-audit number.

Mr. Zandri asked, the business per se is running that much of a deficit?

Mr. Dann answered, the business is reflecting that much of a deficit in retained earnings. He did not know how to better make the explanation. That does not mean that we are in a cash deficit position. The business is in a deficit. Most businesses would look at the end results of their operations and either they would have cash left at the end of operations or not. Retained earnings do not represent that number.

Mr. Zandri stated, he understands retained earnings to be monies that are left over at the end of a fiscal year, whether positive or negative balance, at that point they are accumulated in your books, correct?

Mr. Dann responded, that is not the definition of retained earnings.

Mr. Zandri asked for a definition of retained earnings.

Mr. Dann explained again, retained earnings is the accumulated result of net income. Look at the net income line in the budget which is not the bottom line and it is after operating revenues and expenses only. Those are accumulated year after year and that is the number which generates retained earnings. That is not the same as the bottom line net unappropriated balance.

Mr. Zandri stated, at the end of a budget year you either have a surplus or a deficit. If you had a surplus of \$200,000. what would happen to those dollars?

Mr. Dann answered, those funds would be accumulated in the division in the unappropriated fund balance.

Mr. Zandri asked, would those funds go into retained earnings?

Mr. Myers responded, it would increase retained earnings.

Mr. Zandri asked, if you had a fiscal year in which the division had a surplus of \$200,000. it would increase retained earnings by that dollar amount for that fiscal year, right?

Mr. Dann but stated, that would depend upon what the budget looks like at the net income line. You can have funds remaining at the end of the year and still have a reduction in retained earnings. That is what has been occurring over the last several years. It simply is a function of where the funds are being utilized within the budget.

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Mr. Zandri stated, those are two different issues. We are talking about how you look at the makeup of your budget for that particular year and whether or not you have a surplus or not at the end of the fiscal year. If you had a surplus in your retained earnings and you drew on that retained earnings to balance your budget, you can have a negative draw on your retained earnings for that particular year. The way you are explaining it now, our retained earnings is showing a \$2 million deficit. So there are no dollars available at all. What you are telling me is that the business is in debt for \$2 million.

Mr. Dann stated, I am trying to explain that there is a difference between the term "retained earnings" and "unappropriated cash balance". The two, in the case of the Sewer Division, are different. There is an unappropriated cash balance, which in this case is in part being re-appropriated in the current year, but there is also a deficit in the retained earnings position. In the Water Division that is not the case.

Mr. Zandri stated, it is his understanding that retained earnings are dollars that are left over after the end of a fiscal year. It is a cash account and if that cash account is \$2 million in the negative then it is a loss.

Mr. Myers responded, Mr. Zandri's statement is correct, in part, except that you cannot look at retained earnings as cash only. There are effects through the accounting process that are non-cash entries that effect retained earnings. One of those entries is depreciation. It is a net result of a fiscal year but there is no cash changing hands. Depreciation makes cash available but, as an expense, it decreases retained earnings because it is treated as an expense, reduces net income so there is less net income and, in effect, changes the bottom line or the retained earnings line. There is cash collected, however, for depreciation, so cash goes up and net income goes down. It is a more complex subject than just cash. As a general rule you need to have an analysis of what the retained earnings position of an entity is in comparison to its cash position. There are many successful businesses that post a net loss but have plenty of money in the bank.

Mr. Zandri responded, that is what depreciation does, it allows you to book an expense against a yearly operation so you end up with that cash in your hand. You still have to have a bottom line at the end of the year. The bottom line will be one of two things, positive or negative. If it happens to be positive then you can put money in the bank which, to his understanding, is where this unappropriated fund, or retained earnings, comes from. If someone is saying that their bank account is negative \$2 million then that means that the operation is in a loss.

Mr. Myers answered, correct, except that the bank account is not in the negative. The bank account is in the positive. The reason that the retained earnings is in the negative is because of recording accumulated depreciation from years prior to 1979 that had never been recorded. That is what has produced the negative retained earnings position.

Mr. Zandri stated, it is ridiculous that we are showing a \$2 million deficit and we cannot explain how it got there. We are talking about millions of dollars in this town.....we have a \$2 million deficit and no one can explain how we are arriving at that figure.

Raymond Smith, Director of Public Utilities stated, we are not fully funding depreciation. As long as we have enough cash to pay all the bills, and depreciation in the Sewer Division is roughly \$1 million, let's say that the rate is only covering \$700,000., then you will have a shortfall of \$300,000. of a non-cash expense that is not being covered. That is brought over to the retained earnings balance. Even though we have cash to operate the division, there is plenty to do it, the only way to overcome that shortfall is to raise rates to have enough cash to cover this additional non-cash expense. What you will do is accumulate additional cash. We don't need that at the present time. At some point when your debt service goes down and when you still have the same rate level, you will make the transition from a negative retained earnings to a positive. That may not happen for ten or twenty years but in the meantime the business is solvent. The account exhibits a \$2 million negative balance due to a prior uncovered depreciation, before 1980, that was a large sum that the auditors recommended be transferred. It was recognized as an expense. Obviously, the rates were not covering it. Now we have this accumulation of depreciation, a non-cash expense, that has built up over the years. This was disclosed and talked about at budget time.

Mr. Killen stated, the tricky part is how you are taking \$5,000 out of a negative account. If you don't have any money in the first place, in fact you are in debt, and you are taking \$5,000 out of the debt.

Mr. Dann responded, no one has represented that the division is in debt. No one has suggested that the division does not have cash available for this purpose.

Mr. Killen responded, if you have cash available then take it from the cash, not the retained earnings which has a negative balance. He stated that he would never be able to go to the bank tomorrow to draw out \$100,000 from a checking account that does not have that much money in it.

Mr. Dann stated once again, the net effect of this activity would be a reduction, a \$5,000 reduction, to what we would be showing as appropriate to cash in that line of our budget. We are utilizing cash that we have available for the purposes of making this budget work.

Mr. Zandri asked, are you saying that we have to increase the Sewer Treatment Facility expense by \$5,000?

Mr. Dann answered, that is correct.

Mr. Zandri asked, are you telling me that we are increasing our debt by \$5,000 in retained earnings so if the balance was \$2 million it will then be \$2,005,000.?

Mr. Dann responded, he continues to resist the idea of tying debt to

retained earnings. He explained once again, by increasing the expenses by \$5,000 we are coming up with \$5,000 more in cash in order to make the budget work. The net effect is that there is a \$5,000 planned reduction to cash which will take place in order to make that appropriation work.

Mr. Gouveia stated, perhaps what is being referred to as a retained earnings account should be known as a property equipment replacement account that is not funded properly. The depreciation is money that is deducted over time as the property or equipment depreciates with the hope of utilizing those funds to replace that equipment or property, correct?

Mr. Dann answered, yes, in theory. You would set aside all of that depreciation....

Mr. Gouveia stated, you just stated that there were times when, although you took money for depreciation, you did not place that money in an account that would replace that equipment or property and therefore that account is in the deficit.

Mr. Dann responded, we have not fully funded depreciation although we book and are obligated to book all of the costs of depreciation. In this current year, for example, the Sewer Division showed a depreciation expense of \$1,745,300. That does not mean that the rates are funding all of that. The net operating income, in fact, has a deficit of \$502,129. At least that portion of depreciation is not being funded through the rates and therefore is not available to be set aside for capital replacement.

Mr. Gouveia asked, if we were to equate the depreciation account, not the money that you take out but the money that you set aside to replace that equipment or property for which you took the money for, if you were to equate that account to the pension fund account, you would say that it is not fully funded?

Mr. Dann responded, that's accurate. We are not setting aside all of the depreciation expense for the purposes of accumulating cash for future capital projects. Much of it is re-used year to year for capital expenditures.

Mr. Gouveia stated, that does not mean that the net profits that have accumulated from year to year are in the negative. What Mr. Killen pointed out as a deficit in the retained earnings account, in theory, is a deficit in the account that should have been used to replace that equipment, buildings, etc., for which you took the money...depreciated from...to replace.

Mr. Dann answered, it could have been and if it had been the choice during the rate proceedings to do that then we would have had to have a higher rate structure to support that which, in turn, would have led to a greater accumulation of cash and probably a lot more discussion along the lines of what we are having tonight about the accumulation of cash in the division. Ultimately that would have been the effect and there had to be a judgment. We have began the process of

progressively setting aside more and more of that funding of depreciation for capital replacement.

Mr. Gouveia stated, a policy should have been put in place whereas it is written that all the monies that are taken from depreciation be set aside, or no less than the monies that were taken from depreciation should be set aside, for the so-called replacement of the equipment.

Mr. Dann responded, it depends upon how high you want your rates to be.

Mr. Knight asked, is it true that some of the capital assets of the Sewer Division can be depreciated much faster than they actually wear out?

Mr. Dann answered, there is an assigned life to different components of the system, pump stations can have one life, treatment plant, another, etc., generally what you try to do is match that depreciation period to the expected life of the capital item.

Mr. Knight asked, then you don't accelerate the depreciation for accounting purposes like a lot of other businesses do when they are allowed to.....

Mr. Dann answered, no, we do not do an accelerated depreciation.

Mr. Knight asked, if the asset outlives the expected life and you have more depreciation accumulated and you are not setting aside cash, building up your cash balances to match the depreciation.....the point being that it would seem to him, especially with some very long lasting assets that the Sewer Division or Water Division may have, if they were to match every dollar of depreciation with a dollar of raising cash through the rates, they would have a tremendous cash balance for which we would be raising Hell.

Mr. Dann responded, that is exactly correct.

Mr. Knight continued, they adjust the amount of cash that is required based on what the expected capital investment that is needed for the system is. It may not match depreciation dollar for dollar.

Mr. Dann answered, as a goal the division would like to come a lot closer setting aside the depreciation. The reality is, the facilities will need to be replaced. At that point in time, there should be an accumulation of funds to put towards those projects, whether or not it is enough to cover the full cost of the project is debatable.

David Gessert, Public Utilities Commissioner stated, if you look at the Water Treatment Plant.....the Town was ordered to build a new filter plant back in 1970s, if from the 1970s to the mid 1980s this utility set aside \$1 million per year toward the cost of the facility, when it came time to build the \$25 million plant you would have had \$10 million as a down payment.

Mr. Knight stated, when you are in lock step trying to match depreciation dollars in saying that we will put those funds aside for

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eventual capital investment, from an accounting standpoint they would not match precisely.

Mr. Gessert added, the cost of the project most likely increases faster than the rate at which you can save for it.

Ms. Papale stated, she feels that she will never have a full grasp of what the issue is with regards to retained earnings but is of the opinion that Mr. Dann is open and above board with his explanation. She has listened also to Mr. Myers', Mr. Smith's and Mr. Dann's explanation and feels that she and other Councilors are trying hard to grasp it, although not everyone listening is understanding of the issue. Maybe it would be necessary to sit down in the future and discuss this issue again.

Pasquale Melillo, 15 Haller Place, Yalesville stated, since the taxpayers of Wallingford were ordered to play Santa Claus to Cytec Industries and since Cytec's earnings doubled in the latest quarter, why don't we ask Cytec, in turn, to play Santa Claus for the taxpayers of Wallingford and help the P.U.C. and taxpayers with all of their money?

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

ITEM #14 Consider and Approve a Transfer of Funds in the Amount of \$134,043. from Fuel Adjustment Acct. #555FA to Purchased Power Account #555 - Electric Division

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

Mr. Killen asked, why wasn't this transfer from retained earnings to play it safe?

Thomas Sullivan, Office Manager of the Electric Division responded, we thought we were playing it safe, to an extent. The purchased power bill for June was anticipated to be \$2,030,000. but actually came in at \$2,300,000. because of a higher than expected demand. We thought there was enough of a cushion to absorb it. Without knowing it we played our cards a little too close to our vests.

Mr. Killen responded, the figures show that you were playing it very, very close to the vest. If there were no funds available he could understand taking the risk but if there is money available in another account, his advice is to play it safe and transfer from that account because there is always a chance that the Council may refuse to approve the transfer. If that were to happen then not only would all those involved in the transaction be responsible for the dollars but for the loss of their jobs as well.

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

ITEM #15 Discussion on the Potential Effects of Deregulation of the Electric Industry on the Town of Wallingford's Electric Utility as Requested by Councilor Geno J. Zandri, Jr.

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

Mr. Zandri explained that he wanted to put this item on the agenda because the word "deregulation" has been kicking around for the past several months and he wanted to take the opportunity to make sure that the residents and owners of this utility (Electric Division) fully understand what could potentially happen to this business. He began by trying to explain where the Town is today, in a very unenviable position where we have a municipal electric business, we have a franchise and we have a service territory and guaranteed customers. We also have State law which allows us to make a guaranteed profit. All of these points are good for the municipality as they stand today, however, things will potentially change. If deregulation comes, he wants the residents and owners to be aware of what potentially could happen to our Electric Division. If deregulation comes as everyone is predicting, saying that it is not far off, we will no longer have a franchise territory. We no longer will have guaranteed customers. We will have a situation where right now the electricity in the northeast section of this country is the most expensive in the country. There are six other regions in the country that have cheaper electricity than in the northeast. What will happen when deregulation comes is the same as what is currently happening with our telephone service....everyday you view commercials on television for MCI, AT&T, etc., trying to win people over. That is exactly what potentially could happen to our electric business. We could have people from all over the country individually trying to win over every customer in this community. As far as the rates are concerned, he felt it would be a plus to the residents, consumers, businesses because the opportunity to get good rates are going to depend on who you will negotiate with. In looking at this municipality, there is one part of this puzzle that causes him concern. Presently, we enjoy getting a benefit from our electric business of approximately \$1.5 million per year in a P.I.L.O.T. (Payment In Lieu of Taxes) payment from that business to the Town. We potentially have the possibility of losing that revenue. That is what concerns him. We potentially could go out of business and if you don't think this could happen, simply consider your small, local grocery store and Super Stop and Shop. Just picture Grossman's Lumber Company against Home Depot. If you don't think it can happen, it can. We do have a very good possibility of losing the revenue that we now enjoy from our electric business. He recommended a way for the Town to protect itself from the potential loss. Recently we have heard that the P.U.C. has commanded a study on our generating facility. One of the options being looked at is de-commissioning the site. The cost to do so was somewhere in the neighborhood of \$2-3 million. His recommendation is not to do anything to the site as far as de-commissioning it but to market the site for it is valuable. We should solicit R.F.P.s (Request For Proposals) for potential generators of electricity. The way the market stands currently, there are a lot of speculators who would be very interested in that site. He suggested that the stipulation be included with the R.F.P. that if the site is marketed that it would have to be built on. We would be looking at a potential building

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project of approximately \$50-100 million which would bring in tax revenues that would, at the very least, be equivalent to what we could potentially lose in revenues to the Town from the Electric Division. It gives the Town a "cushion", a back up plan on a potential loss of earnings. If things work out for the division and we are still in business then we can enjoy both sides of not only having a site that is now private generating taxes but we could also potentially still have the Electric Division as it exists today. He reiterated that he is bringing this forth today as a recommendation. This is as far as he will take the issue. He opened the floor to discussion at this point in time.

David Gessert, Public Utilities Commission commented that Mr. Zandri's concept was interesting. He recently attended a conference of the Northeast Public Power Association in Maine. Some of the speakers were from the banking, gas and telecommunication industries who have all undergone deregulation. One of the things that came out of that was that people who used to compete are now working together. People who were customers are now becoming utilities. The sands are shifting. People are building alliances. They are developing totally new relationships. One of the things we see across the country is not the demise of municipalization, but the increase. New Jersey, New Mexico, California, New York, Virginia, Illinois, Maine, Michigan, etc., have begun to study the feasibility of going to municipal electric systems because of the high costs of electricity from investor-owned utilities. Mr. Zandri's concerns may be appropriate if the P.U.C. and its Director were not projecting into the future and planning accordingly for it. Some utilities have done nothing to address the subject of competition. The initiative taken by this utility with Mr. Smith's leadership and with Mr. Cominos on board over the last couple of years.....a long term power supply contract signed for the next ten years...is that addressing the potential problems that we could face with competition? Yes, that is good planning, forward thinking, a well negotiated contract. Just prior to Christmas in 1993 an article appeared in the newspaper in which Mr. Smith stated the need for the division to go out and develop stronger relationships with our largest customers. Mr. Smith pointed out at that time that thirty percent of the division's revenues come from about a dozen customers. The Council met with the P.U.C. in June with regards to a Cyttec agreement. Cyttec is our largest customer. We signed them to a seven year contract. If you are worried about competition, you can sit there and worry about it or protect yourself by making long range decisions to not only ensure what your costs are going to be but to also ensure your revenue stream. He did not think that Indiana Power, for example, would come into Wallingford to run power down the street to obtain Bert Killen's account. They don't want it, they are too far away and Mr. Killen's bill is not high enough. When you look at our very large customers, those are the ones that we have to work with and we have to ensure their future and profitability by developing long term contracts with them to stabilize their costs, keep their costs low and to keep them as customers. We have a new relationship with CMEEC, Northeast Utilities and we are moving vigorously to meet the types of needs and situations that could put us in jeopardy if we were a small municipality not looking at competition coming.

Mr. Zandri responded to Mr. Gessert by stating, everything you have said is correct and that is well and good when you have a captive audience, however, Mr. Zandri is referring to deregulation, not local competition. With deregulation you will no longer have a captive audience, you will no longer have any customers, potentially. No one can come in the limits of your franchise and negotiate for your customers, however, when and if deregulation comes, anyone can come in and negotiate with everyone in the Town of Wallingford for their business. You will be fighting for those customers, no different than anyone else. The only recommendation he is making is this...he hopes that the Electric Division works out and that everyone stays with the Electric Division.....but we have an opportunity to protect our tail. He is making the recommendation, the P.U.C. can do what they want. You have an opportunity to protect the only thing the residents in Town get out of that Electric Division right now, approximately \$1.5 million as far as revenues are concerned. If everything works out with the Electric Division then we have a plus on both sides. If it doesn't we have at least protected ourselves.

Mr. Gessert responded, yes, the Electric Division of the Town makes a payment in lieu of taxes in the neighborhood of \$1.6 million. That translates to approximately four times what the normal taxes would be. We look at that number and focus on it, forgetting some of other things such as street light savings, \$117,000; savings to municipal buildings, \$260,000; payment for rent at the Town Hall, \$34,000; fire alarm and traffic light maintenance; taste of Wallingford contribution; customer assistance to welfare; partnership in business; data processing support; payment by Electric Division to other Town departments, Personnel, Law, etc.; including the P.I.L.O.T. payment, totals \$2.3 million. He asked, what is that worth to our customers? Yes, it is worth customers in our contribution to keep their taxes low but what happens with the other bill, the other check they make out each month. They do not pay a tax bill every month. What does it do for our customers in terms of savings as far as that bill that comes every month on a postcard? In looking at residential customers or owners or taxpayers, depending on which hat they are wearing at the time, we looked at an average customer who uses 750 kwh, we have 16,600 customers in that category. Those customers, if we compare what they are saving with our Electric Division vs. if they were a customer in Meriden, those residential customers, in addition to the other payments we make to the Town, those customers are saving \$4,848,000. That is not counting the commercial and industrial customers. If we were in a situation where our rates were as high as everyone else's and our service levels were no better than anyone else's then we would deserve to have competition come in and kick our butt. We believe with these savings, not counting any potential savings when we develop our new rates, we believe that the Town of Wallingford, owners, taxpayers and customers, are benefitting tremendously because our rates are competitive and our service is damn good. The way to stay ahead of competition is to provide a good product, good service and price it right and you will not get run over by the competition. If we ever got to the situation where these revenues were not there then we would have a problem retaining our industrial base and our residents could be looking to leave even more. He distributed a copy of his figures to the Council.

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Mr. Zandri tried to make Mr. Gessert understand that he (Mr. Gessert) was referring to the present and not the future. With regards to the ten year contract with CMEEC, if deregulation comes five years from now, someone can walk in here (Town) and provide cheaper electricity to the customers in Town than what we offer right now, where are they (customers) going?

Mr. Gessert responded, A., it depends on what the relationship is; B., it depends on what the difference is in rates....if someone comes in and offers rates at half the cost of what ours are to a large industrial customer.....

Mr. Zandri stated, that rate does not even have to be half the cost of our rate. If someone came to Mr. Zandri, as a commercial customer, and offered a savings to him of \$200 a month, he would take that offer.

Mr. Gessert refused to believe it. He stated that Mr. Zandri has stated that before several times but Mr. Gessert refuses to believe that. He stated that Mr. Zandri is a very rare businessman. Most people not only look at price but quality and service as well. According to studies, 9% of people will change vendor strictly based on price while 68% will change because of indifference.

Mr. Zandri pointed out to Mr. Gessert that the electricity will be in the wire regardless of where it comes from. That wire connected to a customer's building will still be in the Town of Wallingford and most likely the Electric Division will probably maintain that wire. The only difference is that instead of Wallingford Electric Division receiving the check for the electricity, it will be sent somewhere else.

Mr. Gessert did not agree with Mr. Zandri.

Mr. Zandri added, all the utilities are going to be faced with the same dilemma. The franchised areas are going to maintain the lines and will be paid to do so but anyone will be able to contract out with any utility that they want to contract out with. The only difference will be who reads your meter at your house and who you send your bill to. The availability of electricity in that grid will be the same. The reliability will be no different than it is today.

Mr. Gessert asked, did you ever use a pay phone in an airport? Wait until you get your bill on that one. The dial tone was the same but wait until you get your bill.

Mr. Zandri stated, you will know what your cost will be up front because you will contract with them for a kwh charge. If it is cheaper than what the Electric Division can offer, they will go there.

Mr. Gessert refused to believe that will happen.

Mr. Zandri asked, are you telling me that deregulation is not coming?

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Mr. Gessert responded, I am telling you that deregulation may certainly come but what I am saying is that the people who are vulnerable to deregulation are the people that have high rates, poor service and are not taken good care of.

Mr. Zandri stated, he is in possession of a report that breaks up the country into seven regions of which the northeast pays the highest for electricity, almost by double in some cases. If you don't think the other six regions are going to be marketing to provide electricity here, you are mistaken. Are you saying that you don't feel that as an electric business we are in jeopardy as far as being competitive in a deregulated market?

Mr. Gessert responded, this utility has done the exact things that we should be doing...doing it progressively so that we can survive in a competitive environment.

Mr. Zandri asked again, do you think we are vulnerable in a deregulated market as an electric business?

Mr. Gessert responded, no.

Mr. Zandri stated, you have a town here that is has a very small electric division that does not think that they are vulnerable and there are major utilities in the northeast that feel that they (major utilities) are vulnerable.

Mr. Gessert responded, if we had not done anything in preparation for tomorrow, we would certainly be vulnerable. As far as selling a piece of our property to someone who wants to come in and generate power within our local area, that would be the same as renting my upstairs bedroom to someone who has threatened to kill me because I can make \$100 a month until his tenant pulls the trigger. I would not want to make it easier for a competitor to come into my backyard. If he has to generate in Ohio and get the product to Wallingford and he has transmission charges that may go across getting it here, it will increase his price a little bit. If I let him move in on Center Street or East Street, he does not have to move his power very far, he is right in our neighborhood.

Mr. Zandri reiterated, I have made the recommendation, as a business person I like to protect myself and that is why I have made the recommendation. You can do what you want to do but I made predictions once before on an issue in this community and that was the trash plant. Every prediction that I made, or at least 90% of them have come to be. If deregulation comes, just listen to what I am saying here, tonight. See if it doesn't happen.

Mr. Knight asked, as a purchaser of a lot of electricity, are we not also going to be in a position to take advantage of deregulation as well as the flip side as being threatened by the competition?

Mr. Zandri answered, no, because you will not be able to guarantee that load because you don't have any customers. Right now you can guarantee a certain load of electricity because you have "trapped"

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customers. When deregulation comes you will have no customers.

Mr. Knight asked, is the essence of every co-operative whether it be in buying farm implements as Agway is, or an electric co-op where we are combining thousands of individual entities into one purchaser of electricity, do we not become attractive to companies that are going to come along and market power whether they do so to Bristol.....?

Mr. Zandri responded, no, the reason is that right now the division has the ability to say that they can deliver a certain load because they have guaranteed customers. When deregulation comes they will no longer be able to say that they can deliver that load because they will no longer have any customers. That is the difference.

Mr. Gouveia added, unless you contract with those people.

Mr. Zandri agreed. Anyone would be foolish to contract without first seeing where the market would fall. Some may contract for six months and wait to see what happens during that time. Same thing that is occurring today....people are switching around phone services when the rates drop for a period and then switch back again when the other company runs promotions to gain customers back, etc. As a community we will no longer be able to guarantee the load that we have today in a deregulated market.

Mr. Knight asked, the people who are generating the magical power that is going to be free.....we are not going to be in the market to attract some of these entities that want to sell power because you are saying that it is a chicken or egg thing?

Mr. Zandri stated, I have never said that the power will be free....I am saying that the municipality, as it exists today, will no longer...in fact we may have problems with the existing contract if deregulation comes because you will not have your customer base at that point in time....right now they have no choice, they have to buy from us. If deregulation comes they can buy from anyone they want depending on the price. Again, I hope that it works out for the Town and we stay in business but as a businessman I believe in protecting myself. We have an opportunity to protect ourselves and we should take advantage of it.

Mr. Killen appreciated the advice but stated that Mr. Zandri is spinning his wheels because when Mr. Killen began serving on the Council twenty-five years ago he has seen general managers of the utilities come and go, quite a few changes occur in the P.U.C. commission and one thing has never changed and it is the concept that the Electric Division is a private little company that has "sprung up" by itself and out of the goodness of its heart it gives the Town a certain amount of dollars. That attitude has not changed in twenty-five years. Those earnings belong to the Town of Wallingford to use at budget time any way they see fit, they do not get transferred to the Town to use, they stay in the Electric Division where they have enough pull, punch, what ever, to get their projects done. For those of us who have been preaching that these are Town tax dollars that should be used for the Town, we are talking to ourselves.

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As long as this attitude remains, anything that comes from the Council's side of the table interferes with that type of thinking and will get a deaf ear from the utilities.

Mr. Gessert stated, when we are looking at savings to buildings of the Town of Wallingford, it is not a Christmas gift....

Mr. Killen stated, it is no savings because of any particular actions on your part except if you were more efficient than someone else....the point is that the rate is fixed in which you are supposed to charge the Town.

Mr. Gessert stated, when you look at the benefit of the utility, there is a direct benefit of a P.I.L.O.T. payment. Are there any other benefits that Wallingford derives.....

Mr. Killen stated, you know better than anyone else that this is not a payment in lieu of taxes, the term "lieu of taxes" was interjected by Mayor Carini as a way of getting around paying taxes in Hartford on the whole utility. These are part of the excess earnings of the Electric Division that normally goes back to the Town of Wallingford. The Town Attorney's opinion clearly states that.

Mr. Gessert responded, there are benefits of the Wallingford utility that flow back to the municipal government. If our school system saves \$100,000. in electrical costs over what they would pay if they were in a neighboring town, that is a benefit to the Town. We don't write a check, we don't pass the funds on but it is a benefit of having a local utility. The payments that we make back to the community for the legal department, purchasing, rental of space, etc., we are not saying those are gifts, we are saying that is what flows back to the Town.

Raymond Smith, Director of Public Utilities stated, at the risk of incurring the wrath of his boss (Mr. Gessert), he (Mr. Gessert) responded, no, to the question, are we vulnerable? Mr. Smith stated, we are vulnerable. Obviously, we are vulnerable. We have headed off in the right direction, we are trying to develop a full understanding of our costs....the biggest of which is our power supply, we have created a contract that has a lot of outs, there are put backs in there in the event that we lose customers and there is a franchise protection provision to the extent that we can guarantee it with perhaps our biggest competitor...yes, with due respect to Mr. Zandri, we are vulnerable. If we don't do anything we are definitely vulnerable. The steps that we take in the next several years will be the most important steps in the long run of whether or not you have an electric utility ten years from now. The one thing that can be predicted is that he does not know what is going to happen ten years from now. We can learn from what has occurred in other industries. Interestingly enough the telecommunications industry is well over ten years now in deregulation...do we all still receive a bill from S.N.E.T. in Connecticut, yes. We can go out and get different suppliers for part of the bill but we still need S.N.E.T. The Electric Division will probably still be there to service your account, maybe not the full component of the account but we will still be an interval player. In

talking about the discrepancy in the pricing throughout the nation, we cannot look at the west coast where there are plenty of natural resources and hydro-power priced at \$.01 - \$.02 per kwh and assume that we are going to get that here. It will cost them money to transfer that. Every entity that brings it through the systems will add a charge to do so. If you look at deregulation with regards to the gas business, the price that is paid for gas in New Jersey is not the same as what is paid in Texas. Texas has the natural resources, you are right at the supply. There will still be an imbalance. Will the northeast always pay more?, absolutely. There will be a leveling of some of those costs because maybe the people in Seattle will move some power to Idaho and Idaho will move it to North Dakota and North Dakota can move it to Chicago and it works its way over, but it comes with a price tag. Yes, we are vulnerable if we don't do anything. We have to position ourselves to be the best price, best player and supplier of choice to the customer. We may not have the customers who are captive in the future, that is correct, if deregulation comes and they open the boundaries. We want to convince our customers that we are still the best deal in town and why not capture some customers that are not within our franchise areas now? If someone can grab ours, we can grab theirs. The alliances that we form now....our strong alliance with CMEEC and the municipalities in this state and the northeast is sort of another backup. He assured everyone that one thing that will happen, ten years from now we may be lined up with different players. He cannot predict what it will look like ten years from now. It will be interesting. There will be a form of deregulation. Are they going to come after the individual customers that sit up here?, no. They are not interested in Tom Solinsky's house or Steve Knight's house, they are interested in the larger customers. The small users will not be the beneficiaries of deregulation. There will be cost shifting amongst the customers. It is occurring. It is not a dire warning but if we play our cards right we will be able to benefit this community well down the road, save these people \$200-\$300 per year on their electric bills which accumulates to \$4.8 million which is a significant sum this community saves today. Will it be \$4.8 million ten years from now?, maybe not but it should still be a benefit to the community. Yes, we are vulnerable and we have a lot of work to do.

Mr. Solinsky asked, what is your response, Mr. Smith, to Mr. Zandri's suggestion that we market that site?

Mr. Smith responded, it is an interesting suggestion. He would not move on it immediately but would wait to see how this unravels. We don't want to give away that aspect too quickly if this market does develop. It may be an option down the road...he will not rule it out. There are other issues to deal with. You cannot build a major power plant at that site, you can only build a certain kind. He is aware of the complications of water supply, the Quinnipiac River is not a reliable source. You have to look at the entire picture. Maybe that is a good thing to do somewhere down the road but he would not give away that hole card yet. Let's hold on to that. It is not out of the realm of possibility someday.

Mr. Zandri responded, these independent power producers right now are

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willing to take a risk in this "madness" that is happening out there because no one knows where things are going to fall. As deregulation happens and the cards start falling, someone potentially will be less willing to get involved maybe five years from now, that is willing to take a gamble today. You can only hold that asset for so long until you either have to play the card or lose the whole hand. You have to be careful what you do with that asset. You have to know when to play that card.

Mr. Gouveia stated, he is not sure that he will accept proposals or the recommendation that Mr. Zandri is making but he certainly will not dismiss it. He appreciated the fact that anyone who brings the kind of idea that provokes thoughts within himself, he appreciates. There is nothing wrong with at least thinking in that direction. As far as Mr. Smith's way of addressing the problem, if there is going to be a problem, Mr. Gouveia is afraid that what he is hearing is that the way to protect ourselves is to go after the big customers, that seems to be the only way. Mr. Gouveia is afraid that we are going to go after the big customers either in this town or another town at the risk of the true owners of the division, the residents/ratepayer because they are too little to negotiate a contract with anyone. Therefore they will be left at the mercy of what ever you want to charge them. There is only so much profit to be made and if we are going to pass that profit on in hopes of attracting those big customers, there is very little profit to pass on to the resident/ratepayer and they are going to be left unprotected and at risk. That is Mr. Gouveia's fear. It would be sad for they are truly the owners of the Electric Division.

Mr. Gessert stated, the point is well-taken. In other industries that have been deregulated they say that consumers will benefit but you find out that it is the big companies that have a significant savings but not the little guy. We are very concerned and we intend to do everything we can to not only insure our large accounts but to protect the smaller accounts too.

Mr. Gouveia stated, he hoped that deregulation does not occur but he sees no way out of it.

Mr. Knight stated, his entire business career has been in the transportation industry which was highly regulated and very profitable in the early 1970s. In 1980 the motor carrier industry was deregulated and it was a free-for-all and it has been ever since then. Good companies have adjusted and bad companies have gone broke. That is what will happen here. Small shippers have found that their freight rates have gone up. What have they done to react to that?, they are pooling their resources, the same that Wallingford and other communities have done with regards to electricity. The small consumer is bannng together into a larger entity that can deal successfully with these large carriers. He believes that the reason that we have such as successful power contract to work under the next ten years is because we have the franchise. It is not a given that the day we deregulate the industry, the floor will be taken out under us.

Mr. Zappala stated, he does not see where we will be gaining anything

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under Mr. Zandri's proposal because if any company will take over to build a power plant they will sell to surrounding areas. It will give them an advantage to be in the area. What we will be gaining from taxes we will be hurting from in electricity rates later on. He disagrees with Mr. Zandri and agrees with Mr. Gessert.

Philip Wright, 160 Cedar Street stated, it is unfortunate that we have gotten to justifying what we have done. It sounds as though there is an adversarial relationship going on here that should not exist. There is a lot of right on both sides of this and we should be able to resolve this with our own clear cut knowledge and facts or get some of the help that we were promised from the CMEEC arrangement. They were supposed to supply technical assistance and studies, etc., for us. The sticking point seems to be the Pierce Plant, should we keep it or sell it? It is sort of like Community Pool, we are comfortable with it...and maybe we are so comfortable with it that we don't realize how important it is to us or maybe it is not as important as we think it is. Somewhere along the line we ought to be able to get this issue down to facts. Maybe the electric co-op can sift this out somehow. We should not leave this with an adversarial situation. It is worth looking at carefully. To end this discussion where it is right now would probably be a mistake. Both points need to be considered further.

Mr. Gessert responded, Mr. Wright makes some good points. Underway right now is an analysis of what the Town's options are with the Pierce property. There are five or six different options being reviewed, selling was not one of them. He did not think an adversarial discussion took place tonight. Debating an issue as important as the future of the Electric Division is grounds for intelligent debate and heated discussion without any animosity. He has not witnessed any and if he has exhibited some, he apologized for doing so. Decisions for today are always easy. Tomorrow is the hard one. When you hear this discussion and witness debate, what everyone is looking at is their vision of tomorrow. How do we prepare for that change? How do we position ourselves to best address that change? How do we put ourselves in a position where the light at the end of the tunnel is not a train that will run us over? As we look to the future, none of us has a crystal clear picture of it. We can only prepare to meet the future based on what we know today and what has happened in other industries. We need to prepare ourselves the best we can for a good outcome in the future. That is all anyone can do. That is what we are all concerned about, how do we prepare best for the future?

Mr. Gouveia stated, he believed that the issue tonight was offered by Mr. Zandri not as a proposal but simply a recommendation. It should be taken in the spirit of a possible solution to a potential problem. He believed that the Town does not have the information to make a rationale, sound judgment. What scares Mr. Gouveia is how a couple of people were very quick to dismiss that, off the bat, without having that sound information to make a rationale decision. This is the way these situations are always played when it comes to the Electric Division. He is not sure how it was initiated, but it continues to be that way. It is sad, it is sad.

Mr. Knight stated, he did not want to be characterized as having...my comments were reflecting...mostly had to do with what we view as the competitive environment.

Mr. Gouveia interrupted Mr. Knight to assure him that he was not referring to Mr. Knight with regards to Mr. Gouveia's last comments. He never had Mr. Knight in mind when making those comments.

Mr. Knight continued, whether the Electric Division can be a survivor or not in a completely deregulated environment, those are the comments that he (Mr. Knight) was addressing.

Mr. Gouveia repeated, Mr. Knight had made very good comments and Mr. Gouveia never had him in mind when making his statements.

Pasquale Melillo, 15 Haller Place, Yalesville stated, the best thing that the Town has going for itself is that Mr. Zandri brought this out in full force to be discussed with the P.U.C., public, Council, Mayor, etc., to get everyone's views. As time goes by more and more information will come forth so it has been very constructive already. He asked Mr. Zandri, do you have any detailed solutions relating to the strong possibility of deregulation?

Mr. Zandri responded, he has no solutions for it. It will complicate matters as we know it. Again, the reason that he brought this information forward is because he wants the residents and owners of this utility to thoroughly understand what they are facing. He brought this recommendation forward, in his opinion, as a way to safeguard the revenue to the Town. Where the chips fall after that as far as the Electric Division is concerned, they are going to fall that way regardless of what we do. He is a firm believer of protecting his tail that is why he made the recommendation. As far as a solution to deregulation, no one has that now but he knows for a fact that the largest utilities in the area are worried. If they are worried then this town better be worried.

Mr. Melillo stated, in studying this issue to date, it seems as though there will be partial deregulation. We must consider that aspect as well. With full deregulation there will be too much competition "snowballing" each year which would cause a domino effect and disrupt the whole country.

Mr. Zandri stated, he never said that deregulation is a good thing. In fact, he is opposed to it, himself. He likes the system the way it is today. Unfortunately, we do not know what the government will do so we have to base it on the worst case scenario which would be total deregulation.

No action taken.

ITEM #16 Consider and Approve Tax Refunds (#19-21) Totalling \$1,210.10 - Tax Collector

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

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VOTE: All ayes; motion duly carried.

ITEM #17 Note for the Record Mayoral Transfers Approved to Date

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

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

ITEM #18 Note for the Record Anniversary Increases Approved by the Mayor to Date

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

VOTE: All ayes; motion duly carried.

ITEM #19 SET A PUBLIC HEARING for September 26, 1995 at 7:45 P.M. on an Ordinance Appropriating \$3,965,000 for the Planning, Acquisition and Construction of the Replacement of the Durham Road Sewer Pump Station

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

VOTE: All ayes; motion duly carried.

ITEM #20 Approve and Accept the Minutes of the August 22, 1995 Town Council Meeting

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

VOTE: Killen abstained; Papale, passed; all others, aye; motion duly carried.

ITEM #21 Executive Session Pursuant to Section 1-18a(e)(2) of the CT. General Statutes with Respect to Pending Litigation and Tax Appeals

Motion was made by Mrs. Duryea to Enter Into Executive Session, seconded by Mr. Killen.

VOTE: All ayes; motion duly carried.

Vice Chairperson Duryea left the meeting during Executive Session.

Present in Executive Session were all remaining Councilors, Mayor Dickinson and Town Attorney Janis Small.

Motion was made by Mr. Knight to Exit the Executive Session, seconded by Mr. Killen.

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

Motion was made by Mr. Killen to Adjourn the Meeting, seconded by Ms. Papale.

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

There being no further business, the meeting adjourned at 11:59 P.M.

Meeting recorded and transcribed by:

Kathryn F. Milano

Kathryn F. Milano
Town Council Secretary

Approved by:

Thomas D. Solinsky 9-26-95
Thomas D. Solinsky, Chairman

September 26, 1995
Mayor DATE

Kathryn J. Wall
Kathryn J. Wall Town Clerk

September 26, 1995
Date

Appendix I

AN ORDINANCE APPROPRIATING \$250,000 FOR REPAIR/IMPROVEMENT OF THE SOUTH TURNPIKE ROAD AND GRIEB ROAD BRIDGES AND AUTHORIZING THE ISSUE OF \$250,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION AND PENDING THE ISSUE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE

Section 1. The sum of \$250,000 is appropriated for the planning, acquisition and construction of the repair and/or improvement of bridges as set forth hereinafter and for administrative, printing, legal and financing costs related thereto, said appropriation to be inclusive of any and all State and Federal grants-in-aid thereof.

South Turnpike Road Bridge Bridge No. 148028	\$ 80,000
Grieb Road Bridge Bridge No. 148011	<u>170,000</u>
Total	<u>\$250,000</u>

The amount authorized to be expended for each purpose shall not exceed the amount set forth opposite each purpose, provided that, the Town Council may by resolution transfer unexpended funds between purposes, so long as the aggregate amount of the appropriation and bond authorization shall not be increased.

Section 2. (a) To meet said appropriation \$250,000 bonds of the Town, or so much thereof as shall be necessary for such purpose, shall be issued. Said bonds shall bear such rate or rates of interest as shall be determined by the Mayor, the Comptroller, and the Town Treasurer, or any two of them.

(b) To meet the portion of said appropriation which may be financed pursuant to a Project Loan And/Or Grant Agreement between the State of Connecticut and the Town under the Local Bridge Program of the State of Connecticut in lieu of the issuance of bonds as provided in Section 2(a) above, a note or notes of the Town shall be issued bearing interest payable as set forth in such agreement. Said notes shall be designated "Town of Wallingford General Obligation Promissory Note", be dated as of the date of issue, shall bear interest at the rate then in effect for loans to municipalities under such Local Bridge Program and shall be payable in such amounts and at such times as are set forth in said agreement.

Section 3. Said bonds shall be issued, maturing not later than the twentieth year after their date, in the amount necessary to meet the Town's share of the cost of the project determined

after considering the estimated amount of the State and Federal grants-in-aid of the project, or the actual amount thereof if this be ascertainable, and the anticipated times of the receipt of the proceeds thereof, provided that the total amount of bonds to be issued shall not be less than an amount which will provide funds sufficient with other funds available for such purpose to pay the principal of and the interest on all temporary borrowings in anticipation of the receipt of the proceeds of said bonds outstanding at the time of the issuance thereof, and to pay for the administrative, printing and legal costs of issuing the bonds. The bonds shall be in the denomination of \$1,000 or a whole multiple thereof, be issued in bearer form or in fully registered form, be executed in the name and on behalf of the Town by the facsimile or manual signatures of the Mayor, the Comptroller, and the Town Treasurer, or any two of them, bear the Town seal or a facsimile thereof, be certified by a bank or trust company designated by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, which bank or trust company may be designated the registrar and transfer agent, be payable at a bank or trust company designated by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, and be approved as to their legality by Robinson & Cole, Attorneys-at-Law, of Hartford. The bonds shall be general obligations of the Town and each of the bonds shall recite that every requirement of law relating to its issue has been duly complied with, that such bond is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and interest thereon. The aggregate principal amount of bonds to be issued, the annual installments of principal, redemption provisions, if any, the date, time of issue and sale and other terms, details and particulars of such bonds shall be determined by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, in accordance with the General Statutes of the State of Connecticut, as amended.

Section 4. Said bonds shall be sold by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, in a competitive offering or by negotiation, in their discretion. If sold in a competitive offering, the bonds shall be sold upon sealed proposals at not less than par and accrued interest on the basis of the lowest net or true interest cost to the Town. A notice of sale or a summary thereof describing the bonds and setting forth the terms and conditions of the sale shall be published at least five days in advance of the sale in a recognized publication carrying municipal bond notices and devoted primarily to financial news and the subject of state and municipal bonds. If the bonds are sold by negotiation, provisions of the purchase agreement shall be subject to the approval of the Town Council.

Section 5. The Mayor, the Comptroller, and the Town Treasurer, or any two of them, are authorized to make temporary borrowings in anticipation of the receipt of the proceeds of said bonds. Notes evidencing such borrowings shall be signed by the

Mayor, the Comptroller, and the Town Treasurer, or any two of them, have the seal of the Town affixed, be payable at a bank or trust company designated by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, be approved as to their legality by Robinson & Cole, Attorneys-at-Law, of Hartford, and be certified by a bank or trust company designated by the Mayor, the Comptroller, and the Town Treasurer, or any two of them, pursuant to Section 7-373 of the General Statutes of Connecticut, as amended. They shall be issued with maturity dates which comply with the provisions of the General Statutes governing the issuance of such notes, as the same may be amended from time to time. The notes shall be general obligations of the Town and each of the notes shall recite that every requirement of law relating to its issue has been duly complied with, that such note is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and the interest thereon. The net interest cost on such notes, including renewals thereof, and the expense of preparing, issuing and marketing them, to the extent paid from the proceeds of such renewals or said bonds, shall be included as a cost of the project. Upon the sale of the bonds, the proceeds thereof, to the extent required, shall be applied forthwith to the payment of the principal of and the interest on any such notes then outstanding or shall be deposited with a bank or trust company in trust for such purpose.

Section 6. The Mayor is hereby authorized and empowered with respect to the aforesaid projects to execute and deliver Project Loan And/Or Project Grant Agreements between the State of Connecticut and the Town under the Local Bridge Program, and the Mayor, the Comptroller, and the Town Treasurer, or any two of them, are authorized and empowered to execute and deliver General Obligation Promissory Notes in connection with Project Loans.

Section 7. Resolution of Official Intent to Reimburse Expenditures with Borrowings. The Town (the "Issuer") hereby expresses its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations, Title 26 (the "Regulations"), to reimburse expenditures paid sixty days prior to and after the date of passage of this ordinance in the maximum amount and for the capital projects defined in Section 1 with the proceeds of bonds, notes, or other obligations ("Bonds") authorized to be issued by the Issuer. The Bonds shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or the substantial completion of the project, or such later date the Regulations may authorize. The Issuer hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date. The Comptroller or his designee is authorized to pay project expenses in accordance herewith pending the issuance of reimbursement bonds, and to amend this declaration.

Section 8. The Mayor, the Comptroller, and the Town Treasurer, or any two of them, are hereby authorized, on behalf of

the Town, to enter into agreements or otherwise covenant for the benefit of bondholders to provide information on an annual or other periodic basis to nationally recognized municipal securities information repositories or state based information repositories (the "Repositories") and to provide notices to the Repositories of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended, as may be necessary, appropriate or desirable to effect the sale of the bonds and notes authorized by this ordinance. Any agreements or representations to provide information to Repositories made prior hereto are hereby confirmed, ratified and approved.



Town of Wallingford, Connecticut

R E S O L U T I O N

WHEREAS, Shirley Gianotti served the Town of Wallingford as Dog Warden from June 1, 1974 to the date of her retirement on July 1, 1995;

WHEREAS, during the course of her work as Dog Warden, she has, on her own time and with help from many citizen volunteers, conducted several fund raising events which raised in the tens of thousands of dollars, all of which was contributed to the Town for improvements to the dog pound and for improving the condition of abandoned or quarantined animals in her care;

WHEREAS, during her years of such service, she has, by her unselfish twenty-four hours a day, seven days a week devotion to her job and to her animals, generated a feeling of good will and desire to help among citizens of the Town resulting in private contributions in the thousands of dollars, some in large amounts by will and some in small amounts by cash;


WHEREAS, it can in truth be said that she treated each and every animal as if they were her own;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF WALLINGFORD,

That Shirley Gianotti be recognized for her outstanding service as Dog Warden by naming the dog pound "The Shirley Gianotti Animal Shelter" in honor of her devotion to the health and welfare of the animals that came into her care and custody.

Enacted by the Town Council in session this 12th day of September 1995.


THOMAS D. SOLINSKY
Chairman, Town Council


WILLIAM W. DICKINSON, JR.
Mayor

PROPOSED BY PETER A. GOUVEIA, COUNCILOR

