

SPECIAL TOWN COUNCIL MEETING

THURSDAY, DECEMBER 19, 1991

\*\*5:30 P.M.\*\*

AGENDA

1. Roll Call & Pledge of Allegiance
2. Remove From the Table to Consider and Approve the Appointment of George Grasser, Jr. to the Position of Alternate on the Planning & Zoning Commission for a Three Year Term to Expire on January 8, 1994
3. Remove From the Table To Discuss and Possibly Act Upon the Final Settlement Between the Town of Wallingford and Stone & Webster Construction Company
4. Remove From the Table to Consider and Approve a Resolution Authorizing the Reimbursement of Expenditures with Bond Proceeds - Mayor's Office
5. Approve and Accept the Minutes of the November 12, 1991 and November 19, 1991 (with appendix) Town Council Meetings

SPECIAL TOWN COUNCIL MEETING

DECEMBER 19, 1991

5:30 P.M.

A Special Meeting of the Wallingford Town Council was held on Thursday, December 19, 1991 in the Robert Earley Auditorium of the Wallingford Town Hall and called to Order at 5:55 P.M. by Chairman Albert E. Killen. All Council Members answered present to the Roll called by Town Clerk Kathryn J. Wall. Mayor William W. Dickinson, Jr., Attorney Gerald Krell and Comptroller Thomas A. Myers also were present.

The Pledge of Allegiance was given to the Flag.

ITEM #2 Remove from the Table to Consider and Approve the Appointment of George Grasser, Jr. to the Position of Alternate on the Planning & Zoning Commission for a Three Year Term to Expire on January 8, 1994

Motion was made by Mr. Bradley, seconded by Mr. Holmes.

VOTE: All ayes; motion duly carried.

Motion was made by Mr. Bradley to Approve the Appointment of George Grasser, Jr. to the Position of Alternate on the Planning & Zoning Commission, seconded by Ms. Papale.

VOTE: All ayes; motion duly carried.

Motion was made by Mr. Bradley to Waive the Two Week Waiting Period and Swear Mr. Grasser in as soon as possible, seconded by Mr. Parisi.

VOTE: All ayes; motion duly carried.

Mr. Grasser was not present at this time due to a prior commitment. He was instructed to contact the Town Clerk to be sworn in.

ITEM #3 Remove From the Table to Discuss and Possibly Act Upon the Final Settlement Between the Town of Wallingford and Stone & Webster Construction Company

Motion was made by Mr. Bradley, seconded by Ms. Papale.

VOTE: All ayes; motion duly carried.

Motion was made by Mr. Bradley to Discuss and Possibly Act Upon a Final Settlement Between the Town of Wallingford and Stone & Webster Construction Company, seconded by Mr. Parisi.

Mr. Zandri asked Mr. Raymond Smith, Director of Public Utilities approximately how much money remains as a balance to be paid on the project?

Mr. Smith responded, just short of \$1,946,000. That is the amount of the purchase order approved to date.

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the settlement amount is \$2,075,000. That includes the amount still owed. That is the bottom line. They agreed that they are willing to take a check and we would not hear from them again.

r. Bradley asked, what is the total cost of the plant to the Town (project cost)?

r. Smith answered, the cost of the plant alone is \$24,783,012.

Mayor Dickinson explained the project cost as follows:

\$ 27,923,987	construction costs
5,196,032	engineering costs (does not include design)
2,805,697	Rights in Deeds lawsuit
<u>1,210,771</u>	other general and administrative costs***
\$ 37,136,487	Total

\*other general and administrative costs are as follows:

\$ 100,000	interest on bonds
37,000	contamination investigation
350,000	claims attorney fee
180,000	Westview Hills litigation attorney fees
<u>315,000</u>	sludge hauling and other operating costs
\$ 982,000	Total

Myers stated that the Town is authorized to spend \$38,300,000.

Bradley asked what the additional funds over and above the \$7,136,487 is to be used for?

Smith responded, nothing. The original appropriation, the maximum allowed to be spent on the project without altering the ordinance was \$3,300,000. Bonded to date on the project is only \$10 million. We have received \$19,245,000 in federal and state grants up until this point in time. We expect to receive an additional \$2 million in grants.

Holmes asked if the engineering work was done on a straight basis or on a percentage basis of total cost?

Smith responded, it was done on an estimated basis, what Mr. Holmes would call a straight basis.

Holmes stated that he remembers the estimate to be somewhere around \$2 or \$3 million dollars.

Smith explained that part of the cost as a result of the settlement with Stone and Webster was the additional engineering costs from running the project far longer than was originally scheduled. The project was originally planned to end in November of 1988.

Holmes asked how the P.U.C. and the engineer agree on a price?

Mr. Smith explained that, regularly the contract with the engineer was brought back before the P.U.C. and discussed and amended. There were approximately five amendments during the course of the project.

Mr. Gouveia was concerned over the fact that the original engineering estimates have increased disproportionate to the cost of the project. He pointed out that the original cost was \$23,750,000 plus \$2 million for engineering. That has gone up from the \$23 million to \$27,983,000 but the engineering costs have gone up to \$5,196,000. It does not m proportionately correct.

Mr. Smith explained that the original cost for the engineering was not \$2 million, the construction management effort was \$2 million. The field management engineering for two years and nine months...there was still office engineering for about \$1 million. The engineering was more along the order of \$3.2 million on the original estimate.

Mr. Gouveia felt that a \$2 million increase for an additional \$4 million worth of other projects seems incorrect.

Mr. Zandri asked if the engineering was put out to bid?

Mr. Smith responded, no.

Mr. Zandri asked why not?

Mr. Smith explained that it was easier to have the engineer currently working on the project pick up the plans. That way the project does not have to be stopped while waiting for the engineering to go out to bid.

Mr. Zandri asked if the P.U.C. ever came before the Council to request a waiver of bid on the engineering?

Smith: No.

Mr. Zandri could understand the logic in wanting to keep the same engineer to do the entire project. But because there were separate and different projects and costs associated with the engineering, he felt that there should have been a request for a waiver of bid.

Mayor Dickinson explained that shortly after taking office, he did have an extensive review performed of the existing contract with Bienstock and Wechesi as to whether or not they were entitled to perform the engineering on the sewer treatment plant. As it turned out there is a pre-existing contract approximately 10-15 years old which gave them a legal right to perform the engineering for a series of projects, one being the sewer treatment plant.

Atty. Farrell stated that his department did try to find a way out of the contract. There were extensive meetings on the issue and the odds were that the Town would lose in court. Some compromises were worked out but he could not remember what they were. The contract had originally been with Bowe Walsh. Beinstock was the successor to it, they had a direct assignment of it.

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r. Zandri asked, does this mean that we had an engineering firm that was associated with the Sewer Division that has a contract with the town to do all engineering work associated with sewer projects in the town of Wallingford? Is this correct?

Mayor Dickinson explained once again that a contract was signed some time back in 1974 which listed a series of sewer projects and the treatment plant was one of those.

r. Killen asked if the bid was waived by the Council on each of those projects?

Atty. Farrell could not recall, the Mayor did not know.

r. Smith informed the Council that back in 1981 Bienstock and Wechesi approached the P.U.C. and asked that the former Bowe Walsh contract be assigned to them. The P.U.C. voted on it and it was approved. Some Council Members were present and Mayor Vumbaco was aware of it also.

r. Zandri was amazed that the Council would approve the Town entering into a contract for a series of projects without a dollar amount assigned to them.

The Mayor assured the Council that an extensive review was performed of the contract for that specific reason. The Town was trying to find a way out of the contract.

r. Zandri felt that the Town should consider themselves lucky in the respect that it only cost the Town \$5 million. They could have bargained a great deal more by taking advantage of the contract.

r. Parisi recalled that Bowe Walsh was a "resident engineer" so to speak.

r. Killen agreed that they were but each project should still have gone out to bid according to the Charter.

r. Gouveia made the point that the Mayor and Atty. Farrell state that the Town tried to get out of the contract, yet on the other hand they continued to give Bienstock the satellite projects, such as Fire and Safety, Influent Sewer Line, etc. This is perpetuating the problem. He pointed out that the satellite programs amounted to approximately \$3.2 million and yet the engineering costs for those projects alone were over \$1 million.

r. Smith explained that the design costs of \$3 million are not included which must be if he wants a true relationship of the costs.

r. Killen stated that the Council does not receive the information that the Mayor and P.U.C. does on the matter, yet the buck stops with the Council. The issue of whether or not to try and break the contract with the firm was never brought before the Council.

r. Smith explained that the issue was raised at a Council/P.U.C.

meeting.

Mr. Killen felt that it still should have come before the entire Council if the entire Council is to vote on the issue. The Council needs to have a better flow of information to it. He hoped that his successor in the role of Chairperson will have more success in getting information in advance.

Mr. Bradley asked if the Town accepted the engineer's standard costs or were there negotiation for a lesser fee?

Smith answered that each time a contract amendment was brought forward it was negotiated and the price was dropped as a result and then presented to the P.U.C. for approval. There was a fixed overhead for instance. The State mandated an overhead.

Mayor Dickinson explained that this process involved the State of Connecticut approving everything. The Town was not entitled to any reimburse if the State did not approve it.

Zandri asked where the P.U.C. plans on getting the dollars from to pay for the settlement of over \$2 million?

Mr. Smith responded that it will have to be borrowed.

Mr. Zandri asked if it will go to bonding?

Mr. Smith answered, it ultimately will go to bonding, could be short term notes.

VOTE: All ayes; motion duly carried.

Mr. Solinsky questioned the action that was voted upon by the Council.

Town Council Secretary repeated the motion voted upon; To Discuss Possibly Act Upon a Final Settlement Between the Town of Wallingford and Stone & Webster Construction Company.

Mr. Solinsky pointed out that "act upon a final settlement" could mean either accept or reject.

Mr. Holmes made a motion to Accept the Final Settlement Between the Town of Wallingford and Stone & Webster Construction Company, seconded by Mr. Parisi.

VOTE: All ayes; motion duly carried.

ITEM #4 Remove From the Table to Consider and Approve a Resolution Authorizing the Reimbursement of Expenditures with Bond Proceeds - Mayor's Office

Motion was made by Mr. Bradley, seconded by Mr. Holmes.

The resolution will be appended to the minutes.

OTE: All eyes; motion duly carried.

Consider and Approve a Resolution Authorizing the Reimbursement of Expenditures with Bond Proceeds.

Motion was made by Mr. Bradley, seconded by Mr. Holmes.

Mr. Solinsky left at 7:00 P.M.

Mr. Myers explained that the resolution will allow the Town the flexibility to advance cash in lieu of selling short term notes. If we sell short term notes we incur interest expenses. If we advance our own cash we can save money because we will not have to pay the bank for borrowing it. He would sell the bonds that would complete the bonding on the sewer plant the next time he goes out with an issue. The next planned issue would be the balance of the sewer plant bonding, approximately \$2 million. The original sewer plant ordinance was approved and voted upon in 1984. In 1986 there was a major revision to the internal revenue tax code. One of those revisions required tax exempt borrowers to have specific authority to advance their own funds and then repay themselves with bond proceeds. All of our ordinances since 1986 contain that authority. Rather than amend the ordinance the code allows you to either adopt the resolution separately or incorporate it in the funding ordinance.

Mr. Bradley asked if we have any plans to advance any cash from the enterprise funds?

Mr. Myers answered, yes, this would be advanced from the Electric Division enterprise fund to the Sewer Division for the purpose of paying Stone & Webster. The electric fund would be paid back once the bonds are issued.

Mr. Bradley asked if the Rights in Deeds amount has been paid?

Mr. Myers reminded Mr. Bradley that it was taken care of a few meetings ago with an internal loan in the Water Division and surplus funds that were available in the Sewer Division. The Rights in Deeds amount will not be bonded.

Mr. Killen stated that it is being bonded.

Mr. Bradley agreed that Mr. Smith included the \$2.8 million in the price of this bonding.

Mayor Dickinson explained that it is the project cost...the Town is actually bonding \$10-13 million out of the \$37 million of the project costs. We used funds for the Rights in Deeds in order to pay that, originally those funds could have been used to pay Stone & Webster, we don't have the funds so we are going to have to supply the funds to pay the final costs on the sewer treatment plant. The total project cost is not necessarily what the Town is bonding. A lot of that \$27 million is coming from state and local government, our share is somewhere between \$10-13 million.

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Mr. Killen responded, the Rights in Deeds money, quoting from the P.U.C. minutes, "what we are proposing to do is utilize approximately \$2 million of the funds of the Sewer Division that have been placed either in a restricted retained earnings account associated with the sewage treatment plant or have been dedicated in the current year's budget for the purpose of debt service on the plant. Our original intent had been to utilize the same monies for the purpose of paying in cash for the remainder of the cost on the sewage treatment plant. The impact of this will be that it will free up cash that we can immediately put up to the R.I.D. settlement but will, of course, necessitate that we bond the remainder of the cost on the sewage treatment plant at a later time." You are bonding no matter which way you cut the mustard.

Mayor Dickinson: That is correct but we are bonding a construction cost and not a litigation cost.

Mr. Killen: But what you are doing is making it appear that there was no such thing as having to go out to bond to pay those costs and that is not the truth. We have to go to bonding. Later on in the P.U.C. minutes it states that there is no magic and the money had to come from somewhere. There is no doubt where the money is coming from it is being bonded to cover the fact that we did not have the money at the time.

Mayor Dickinson: That is correct.

Mr. Killen: You are saying, payment of the judgement of the cost of the sewer project would be accomplished without the sale of bonds. It cannot be accomplished without the sale of bonds because we are taking money from here to pay that and now we have to bond where we took it from.

Mayor Dickinson: In terms of bonding you have to represent to the investor what the purpose of the money is that he or she is supplying. The purpose of that money is to pay construction costs. Our use of that money, does that necessitate our bonding the construction cost?, yes.

Mr. Killen: Bill, you are playing a cute little game and I'm not buying it. I am very well aware that if you go to the bank and you want to borrow money and you want to borrow that money to pay off a debt the money will not loan it to you. If you say that you are going to add onto your house they will lend it to you. Then you take the money and pay off the debt. You can call it anything you want but you borrowed that money to pay off the debt.

Mayor Dickinson: The fact is, does the R.I.D. payment cause us to have to bond the additional construction costs, yes.

Mr. Killen: Then why did you make the statement that we didn't have to do any bonding? "Payment of the judgement of the cost of the sewer project would be accomplished without the sale of bonds".

Mayor Dickinson: ...On the litigation costs to the R.I.D.



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Mr. Killen: It doesn't say anything about the litigation costs to the needs. It is just a plain statement, you made the statement and had the right to add an caveat you wanted to it.. "there would be no bonding", we are bonding.

Mayor Dickinson: I said there would be no bonding on the litigation.

Mr. Killen: I don't see the word litigation in here.

Mayor Dickinson: Read the sentence.

Mr. Killen: "Payment of the judgement as a cost of the sewer project could be accomplished without the sale of bonds."

Mayor Dickinson: Right! Payment of the judgement.

Mr. Killen: Judgement is not the litigation per se.

Mayor Dickinson: Yes it is! I said payment on the judgement on the Westview Hills case....that is what that related to.

Mr. Killen: And where is the money coming from?

Mayor Dickinson: That came from the cash.

Mr. Killen: Where is the money coming from to replenish the cash? From the sale of bonds.

Mayor Dickinson: Because we have additional construction costs. We are not replacing the money that we spent on the judgement.

Mr. Killen: Of course you are!

Mr. Gouveia: I fully concur with you, Bert and I think that the Mayor's letter and Mr. Myers' comments contradict the minutes and the intent and feeling of the people at the P.U.C. In fact, if you look, the minutes of the P.U.C. clearly indicate that if it was not for the R.I.D. there were \$2 million that could have been used to pay Stone & Webster. They had the money but they decided to use the money to pay R.I.D. and now they decide to go bond to pay for Stone & Webster settlement. On page five of the P.U.C. minutes they concur that they had another option to them that would render a lower impact on the ratepayers and they decided against that option. It says, "it does take the rate of the impact down slightly. The difficulty with that is, as I explained before, is that it is not desirable from Mr. Myers' perspective to take that out to the bonding community". If you look back on page three of the minutes it states, "the reason that we are not recommending that is based on input by Mr. Myers which essentially says that the bonding community will not look favorably upon a community borrowing money for the purpose of litigation". I think it is about time that we start paying attention to the people on Colony St., Cherry St., Main St. and Center St., not people on Wall St.

Mr. Holmes asked, how does that affect this judgement?

Mr. Gouveia: What judgement?

Mr. Holmes: How does that affect what we are dealing with?

Mr. Gouveia: All I am saying is the statement given to us today and the letter written by the Mayor contradicts the minutes of the R.I.D. We are being told we are going to have to go to bonding to settle this settlement with Stone & Webster when, in effect, we are going to it because of R.I.D.

Mr. Holmes: I don't think that is being disputed. They took the available cash and paid off R.I.D. and that necessitates additional borrowing.

Mr. Gouveia: If they took the third option, which was using the money and borrowing the entire \$2.9 million for twenty years would have less impact on the ratepayers.

Mr. Holmes: How does that affect the resolution before us?

Mr. Gouveia: I don't like where the money is coming from.

Mr. Holmes: You are accusing the Mayor of playing games, everyone is playing games up here.

Mr. Gouveia: I am not accusing anyone of playing games! I am simply saying that the comments and letter do not correctly reflect the sentiments of those who spoke at the P.U.C. meeting. They want to borrow money on the construction project rather than borrow to pay a R.I.D. settlement.

Mr. Killen: Steven, did you read the minutes of the P.U.C. meeting?

Mr. Holmes: They took the available cash and paid it off, that makes a need to borrow more money to pay the construction.

Killen: Steve, you can call it anything you want, I know a flim-flam when I see a flim-flam.

Mr. Holmes: It is not a flim-flam.

Mr. Killen: It most certainly is!

Mr. Holmes: It is not.

Mr. Parisi: Come on, Bert, will you?

Mr. Killen: What do you mean, come on! Read the minutes! Read the minutes! Read the part where they were going to borrow from the Electric Division. You gentlemen should appreciate this more than anyone else! We have tried to touch the Electric Division to try to help everybody in Town, we can't touch it but this little crew here can have a ball with it! They can have a ball with it!

Mr. Holmes: What is the ball that they are having with it?

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r. Killen: Loaning the money among themselves and deciding, "this is how we will play the game!" This is supposed to be the fiscal body of the Town of Wallingford, do you know what we are left with? We are left with what we got the other night and tonight, "here is the bottom line fellas. sign it because it should have been done yesterday!" You guys don't give a damn, I don't know why, but you don't give a damn on that side (referring to the Republican side of the Council bench). You don't care one bit!

r. Parisi: Chairman why don't you run the meeting!

r. Killen: I am running the meeting!

r. Parisi: No you are not, Mr. Chairman! If you want to have a discussion...let's have a discussion.

r. Killen: Don't tell me I'm not running a meeting, sir, I am running a meeting. I'll cut you off, Bob, and I have never done that to anyone. Don't tell me I am not running the meeting!

r. Parisi: Then don't you accuse us of not caring either!

r. Killen: I'll accuse you anytime I feel like it because it is my feeling.

r. Parisi: That is your prerogative.

r. Killen: Of course it is! Am I supposed to get the impression that you have been all sweetness and light all the time that you have been here?

r. Parisi: I am not saying that!

r. Killen: All right, I have the same prerogative that you have and you can exercise yours and I'll exercise mine!

r. Parisi: Have I accused you of not caring?

r. Killen: Because there has never been a time that you can say that you didn't care!

r. Holmes: Just because we don't agree with you doesn't mean that you don't care!

r. Killen: I am not asking you to agree with me, just to care. One thing I am is a judge of other people and I judge myself as harshly as I judge other people. That is one reason that I am not running for re-election because I find myself ineffective. I know those who care and which objects they care about and which ones that they don't give a damn about. When I make a statement Steve, and you are all my friends and I hope to leave here with you as my friends, but I don't make this statement lightly, something like this comes along and you fall right in line behind the leader and say, "these guys over here are fellow Councilors but they don't know what they are talking about because they are accusing my leader of something, they must be wrong." This comes out and comes out...read the minutes of our meetings if you

don't believe me. A fellow would have to be a darned fool not to see that.

Mr. Holmes: You are seriously mistaken, Mr. Chairman, you are way off base, way off base.

Mr. Gouveia: I believe I had the floor, Mr. Chairman.

Mr. Killen: I'm sorry, Peter, I apologize.

Mr. Gouveia recommended everyone read the minutes and noted that they state that the funds will come from the Electric Division at a low interest. He asked what is a low interest?

Mr. Myers: Irrespective of what the people of the Electric Division may say about advancing funds, they do not control the sole authority to advance those funds. The Finance office does. There are bond prohibitions in the tax code about reimbursing, with interest, from bond proceeds. That cannot be done. So whoever made that statement at the P.U.C. meeting made it incorrectly. It was not a statement made and represented by the Finance Department so I have to clarify it here, and say that it is an incorrect statement.

Mr. Gouveia: That is the point I am trying to make. We are being asked here today, again, to approve something...in this case, approve a payment or bonding plan. If we approved this and I did not bring this up, we would be approving this based on incorrect statements. That is the point that I am trying to make. Again, read the minutes, pay attention to what is going on. If that is any legacy that I want to leave the Council, it is precisely that. Read the minutes, pay attention to what is going on because you people (looking at the Republicans) really don't know what is going on!

Mr. Killen: These particular minutes of the P.U.C. that we are reading were left on our table that night. The meeting had taken place fourteen days previous to that and we have fifteen days to take action if we want to override it. In addition to that, all the things that the P.U.C. approved and it was necessary for their approval in order to come before us, all the reasons for it are all in here (minutes of the P.U.C.) and as you are telling us now, some of the things that were advanced to them are incorrect and they bought it. They approved it and it comes before us and we buy it and now we find out it is incorrect information. We are given everything tonight and told that we should have passed it yesterday and we find out that for three to six months people have been working on it in the background. Here is where the buck stops and we are given no information except, "if you don't do it, you are harming your town". That is what gets under my skin!

Mr. Zandri: Are any of these advancing of dollars coming out of the General Fund at all?

Mr. Myers: For this? No. I recommend that the funds come from the Electric Division because it is a fund that can withstand the advance being that it is an interest-free advance and not at all impact the

financial position of the fund. The reason that it has to be an interest-free advance is because there is a prohibition in the tax code on advancing your own money and paying it back to yourself with bond proceeds and interest. It is not a transfer, it is just movement of cash. It would appear on the balance sheet of the Electric Fund and the Sewer Fund but not on a transfer form.

r. Killen asked, why don't excess retained earnings show up in our budget report, Tom?

r. Myers responded, they show up if they are planned for expenditure in a current year.

r. Killen: It is surplus funds and you give us a surplus of the previous year, what is the difference between a surplus of a previous year in general government and a surplus from the Electric Division?

Mayor Dickinson: A surplus from a prior year does not appear in the budget either unless it is appropriated into the budget. It takes an amendment to put it in the budget because it is an infusion of new capital.

r. Killen: Well then you better talk with your Town Attorney because her opinion states that those funds are surplus dollars and they hang along and at budget time they should be appropriated. That is her statement. That is a matter of record.

r. Zandri asked if it is recorded somewhere in the budget process that we have an allocated \$38 million for the project but have only bonded \$10 million?

r. Myers: The bond issue appears on the balance sheet report of the Sewer Division, not on the budget statement but on the balance sheet report. It shows the outstanding bonds, it is not \$10 million now because it was done in 1984 and is being paid off \$500,000 per year. I believe the outstanding bonds are \$8 million presently.

r. Zandri was puzzled as to how the Town can "book" against the bonding amount, this temporary borrowed money and put it under that heading? You are saying that you are going to balance your books somehow by saying that it is part of the \$38 million.

r. Myers: The authority to borrow the money comes from the bonding. We also received \$23 million in state and federal grants. They never entered the budget because they are against that bond issue. They are not a budget item.

r. Zandri: So that means that it does not show anywhere in our budget the \$23 million coming in from the State?

r. Myers: Yes, it shows on an accounting report that you receive every month on the sewer plant. It shows what we have received in state and federal grants and what we have paid out in project expenditures.

Mr. Zandri: So this will show as \$2 million coming from the Electric Division to the Sewer Division.....it will show somewhere on some line in the budget.....

Mr. Myers: That is correct and when we collect the bonds the bonds will come in and that item will be paid back to the Electric Division. If we don't want to do that we can go out and borrow short term notes which will be the same transaction.

Mr. Zandri: Why is it handled outside of the budget process?

Mr. Myers: Because it is not, in accounting standards, operating budget transaction.

Zandri: None of the payments to the plant deal with the budget at all?

Mr. Myers: The only one that deals with the budget is the annual retirement of the bond. The annual principle payment and the interest. That appears in the Sewer Division budget.

Mr. Zandri: All projects are done that way?

Mr. Myers: That is correct. That is the accounting standard for municipal government. We are in a position to move money from one operation to another and to effectuate some savings. A lot of businesses have to go to a bank and borrow that money and in this instance, we can do that but we are going to pay an interest fee on it. We want to save that interest expense.

Mr. Zandri was concerned with the fact that the Town can move millions of dollars from one pot to another and you don't have to go before the Council to do it, yet, if there is a transfer of \$100 from one budget item to another in a department, it has to go before the Council. Somewhere there is a flaw in our Charter which allows this to take place as far as I am concerned.

Myers explained that movement of that money does not take the million and reduce it to \$16 million. If we moved that money tomorrow, the \$2 million, and asked how much money is available after that in the Electric Division, my answer would still be \$18 million. It is not an appropriation that reduces the amount of retained earnings available. It is a use of cash.

Mr. Zandri: You also just got through saying that \$20+ million has come down from the federal government to the state and was handled in the same manner, yet, when we get \$100,000 from the state that will offset some school expenses, it still has to go through this Council.

Mr. Myers: That is correct because of the accounting treatment.

Mr. Zandri: Believe me, I am not questioning your accounting methods. It puzzles me that when we receive \$50,000 from the state it has to go somewhere into our general fund, we have to approve it, accept it, show it coming in, going out and we can move millions of dollars without

going through this Council, there is something wrong with the system somewhere.

Mr. Myers: The only thing I can say to the Council is that there is a different standard for general fund accounting and capital project accounting.

Mr. Killen: I established the Finance Committee on my own a short while ago and they did an excellent job with the Electric Division, but the reason that I wanted a Finance Committee, and I hope that it continues in the future, is because I want those members to sit down with Mr. Myers and our auditor to learn how these things happen. I am as frustrated, Tom, as you are. We have certain powers under the State Statutes yet the auditors and bookkeepers come along and tell us that we are to do things this way and that way. They were not elected by anyone but that is how they want to keep the books.

Mr. Gouveia: Tom, in reference to your statement that the Electric Division will continue to have \$18 million after its \$2 million advance to the Sewer Division, what happens to the loss of use of that \$2 million? Do you lose the use of the money and the interest that it accrues over the time it is advanced.

Mr. Myers: That is absolutely correct. The differential right now is if we borrow money short term from the bank we are going to pay an interest rate on it. Granted, we are going to lose interest income by making a non-interest bearing advance out of the Electric, but where I feel it is in the best interest of the Town is we don't pay the interest expense and the Electric Division is so financially healthy that it really does not suffer any loss either. Right now we are earning 4% on U.S. Treasuries. By the time we got through borrowing the money, having to produce official statements, give credit ratings, in the legal advertisements and bond buyers and all the other requirements, we would probably be up around the 4% interest rate. Again, that is a judgement call. Myself, given our financial position, I would like to use our own cash and stay out of the short term market.

Mr. Gouveia: By losing the interest on that \$2 million...we are trying to be pure in here by saying that the Electric Division revenue should pay in the Electric Division so that when you pay for your electric bill you want to make sure you are paying for the electricity and not for the sewer and not for taxes, so why should the electric division customer be subsidizing that interest in the Sewer Division?

Mr. Myers: There is no reason to subsidize it other than it makes good economic sense for the Town of Wallingford.

Mr. Gouveia: It seems to me that we do certain things when it is to our advantage and we fail to do them when we feel it is not to our advantage.

Mr. Myers: Even though there are different accounting methods and assurances on each of the four separate operations of the Town I still think of the Town of Wallingford as one operation.

Mr. Gouveia: So one could say that, with the 4%+ interest rates paid on U.S. Treasury notes, which is where the \$2 million advance could be invested, the Electric Division customers will be subsidizing the Sewer Division to the tune of \$40,000?

Mr. Myers: That is one way of looking at it.

Mr. Gouveia asked the Council to refer to page 4 of the P.U.C. minutes to get an idea of the kind of garbage that the P.U.C. is fed and the kind of garbage that they accept without even questioning it. It states, "...had the action been taken to void those agreements, the Rights in Deeds agreements, and the Town therefore accepted the full cost of the sewage treatment project, in other words, that the bond had to fund the additional \$22 million, the rates, in fact, at that point would be in the order of 63% - 65% higher than what they are. In effect, we are giving up 8% because of the Rights In Deeds. But compared to the option of not accepting the federal and state money that certainly is clear that it is a more desirable direction to go." This to me is bureaucratic brainwashing propaganda and anyone who accepted that had been brainwashed.

Mr. Killen: I feel that same way. No one has ever said that the Rights In Deeds people did not have to be paid and that we were not going to accept the money from the state. The difference was, how much money would we have saved if we paid the R.I.D. people a long time ago, we still would have gotten the state and federal money and been ahead of the ballgame but this has been a camouflage from A to Z. If you go one paragraph below that in the P.U.C. minutes you will read an argument on why we should bond things instead of paying cash. Yet, when the Council tried to say it about the generating plant we are told that we don't know what we are talking about.

Mr. Gouveia: This Council was never told that the Rights In Deeds lawyer, after both sides had rested their case, offered a \$5,000 settlement. That \$5,000 settlement would have saved the Town over \$1 million!

Mayor Dickinson: Mr. Chairman I can tell you that no offer of that nature was ever presented to the Town of Wallingford.

Mr. Gouveia: I stand by my statement.

VOTE: Solinsky was absent; Holmes, Papale, Parisi & Zandri, aye; all others, no; motion failed.

ITEM #5 Approve and Accept the Minutes of the November 12, 1991 and November 19, 1991 (with appendix) Town Council Meetings

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

VOTE: Solinsky was absent; Killen passed; all others, aye; motion duly carried.

Motion was made by Mr. Bradley to Adjourn the Meeting, seconded by Mrs. Duryea.



- 16 - December 19, 1991

OTE: Solinsky was absent; all others, aye; motion duly carried.

There being no further business, the meeting adjourned at 7:43 P.M.

Meeting recorded and transcribed by:

*Kathryn F. Milano*

Kathryn F. Milano, Town Council Secretary

Approved by:

\_\_\_\_\_  
Albert E. Killen, Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
Kathryn J. Wall, Town Clerk

\_\_\_\_\_  
Date

RESOLUTION OF OFFICIAL INTENT TO REIMBURSE  
EXPENDITURES WITH BOND PROCEEDS

RESOLVED:

**Project:** Sewage Treatment Plant

**Estimated Cost:** \$38,300,000

**Source of Advance:** General, capital and nonrecurring, or  
enterprise funds

**Security for  
Reimbursement**

**Bonds:**

Full faith and credit pledge of tax and other  
available revenues of the Town

**Useful Economic**

**Life:**

In excess of one year

The Town of Wallingford hereby expresses its intent to reimburse Project expenditures paid after the date of passage of this resolution as set forth above with the proceeds of tax exempt bonds or notes. This Resolution shall apply to all qualified preliminary expenditures paid after its adoption, and to all other payments occurring during the period beginning on the date of its adoption and ending two years thereafter. The Bonds or Notes used to reimburse such expenditures shall be issued before the date one year after payment of the expenditures or one year after the project was placed in service, whichever is later. In the event regulations are promulgated by the Internal Revenue Service, the terms and conditions of such regulations shall apply to the reimbursements authorized herein. The Comptroller is authorized to pay project expenses in accordance herewith pending the issuance of reimbursement bonds or notes.

SPECIAL TOWN COUNCIL MEETING

DECEMBER 19, 1991

7:00 P.M.

AGENDA

1. Roll Call & Pledge of Allegiance
2. Discussion and Possible Action on the Re-districting of the Town of Wallingford

SPECIAL TOWN COUNCIL MEETING

THURSDAY, DECEMBER 19, 1991

7:00 P.M.

A Special Meeting of the Wallingford Town Council was held on Thursday, December 19, 1991 in the Robert Earley Auditorium of the Wallingford Town Hall and called to Order by Chairman Albert Killen at 7:56 P.M. All Councilors answered present to the Roll called by Town Clerk Kathryn J. Wall with the exception of Mr. Solinsky. Mayor William W. Dickinson, Jr. and Town Attorney Janis M. Small were absent; Comptroller Thomas A. Myers was also present.

Since this meeting immediately followed the previous Special Meeting, no pledge of allegiance was given to the flag.

ITEM #2 Discussion and Possible Action on the Re-districting of the Town of Wallingford - Registrar of Voters

Motion was made by Mr. Holmes, seconded by Ms. Papale.

It was determined that a public hearing is necessary to consider and approve an ordinance to address this issue.

Mr. Bradley made a motion to Schedule a Public Hearing for Monday, December 30, 1991 at 7:00 P.M. on an Ordinance Amending Ordinance #295 Concerning the Voting Districts of the Town of Wallingford, seconded by Mr. Holmes.

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

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

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

There being no further business the meeting adjourned at 8:12 P.M.

Meeting recorded and transcribed by:

*Kathryn F. Milano*

Kathryn F. Milano, Town Council Secretary

Approved by:

Albert E. Killen, Chairman

Date

Kathryn J. Wall, Town Clerk

Date