

The seventh budget workshop was held on Thursday, May 1, 1986, called to order at 7:12 p.m. by Chairman David A. Gessert. Present were Council Members Bergamini, Diana, Gessert, Gouveia, Holmes, Killen, Papale and Polanski. Mr. Rys was absent due to illness. Mayor Dickinson and Comptroller Myers were also present.

Mr. Holmes moved acceptance of PUBLIC UTILITIES COMMISSION - 807, PAGE 127, seconded by Mrs. Bergamini.

VOTE: Unanimous ayes (Rys absent); motion duly carried.

Mr. Polanski moved acceptance of PUBLIC UTILITIES COMMISSION - 807 - PAGE 179, seconded by Mr. Gouveia.

Mrs. Bergamini asked how the Commissioners increase was determined and Mr. Nunn said that basically, they go with what the Personnel Department recommends.

VOTE: Unanimous ayes (Rys absent); motion duly carried.

WATER DIVISION OPERATING BUDGET - PAGES 143 & 144.

Mr. Gessert advised the Council that a memo was received from John J. Byrne regarding a gasoline and fuel oil reduction request of \$6,600 for Water Division and \$5,060 for Sewer Division.

Mrs. Bergamini moved acceptance of the following account reduction for Gasoline & Fuel Oil, WATER & SEWER DIVISIONS, seconded by Mr. Holmes.

Water Division:

| | Budgeted | Reduction | Net |
|---------|-----------|-----------------|-----------|
| 601-000 | \$ 28,700 | \$ -792 | \$ 27,908 |
| 624-000 | 16,300 | -264 | 16,036 |
| 663-000 | 36,150 | -462 | 35,688 |
| 673-000 | 98,450 | -792 | 97,658 |
| 675-000 | 70,850 | -792 | 70,058 |
| 677-000 | 34,550 | -330 | 34,220 |
| 902-000 | 40,450 | -462 | 39,988 |
| 921-000 | 24,900 | -1,056 | 23,844 |
| 343-087 | 61,300 | -330 | 60,970 |
| 346-087 | 75,200 | -396 | 74,804 |
| 348-087 | 29,300 | -330 | 28,970 |
| 345-087 | 92,000 | -594 | 91,406 |
| | | <u>\$ 6,600</u> | |

Sewer Division:

| | Budgeted | Reduction | Net |
|---------|----------|-----------------|----------|
| 626-000 | \$ 8,300 | \$ -238 | \$ 8,062 |
| 643-000 | 107,300 | -3,554 | 103,746 |
| 665-000 | 10,000 | -634 | 9,366 |
| 921-000 | 15,500 | -634 | 14,866 |
| | | <u>\$ 5,060</u> | |

VOTE: Unanimous ayes (Rys absent); motion duly carried.

Mr. Gouveia thanked Mr. Byrne for an excellent report.

Mr. Holmes moved acceptance of WATER DIVISION OPERATING BUDGET - PAGES 143 AND 144, seconded by Mrs. Papale.

Mr. Gouveia pointed out that there is a large increase, 36%, on distribution expense with decreases in various other accounts. Mr. Cassella said the total increase in operating expenses was \$247,000 and a breakdown is based on Mr. Byrne's distribution of labor, as follows:
 \$46,000 increase in overall cost of the budget because of labor,
 \$70,000 increase in account 625 for power,
 \$ 5,000 increase in account 665, microfilming costs,
 \$ 2,000 increase in account 673, material for the wax machine for maintenance of valves,
 \$30,000 increase in account 923-002, proportional charges which

are the funds paid to the Town of Wallingford for purchasing expenses, legal expenses, etc.

\$19,000 increase in account 925 liability insurance,

\$43,680 increase in account 926 pensions and benefits,

\$22,000 increase in account 403 depreciation expense

\$ 9,300 increase in interest and debt.

The total recap of these items is \$240,000.

Mr. Gouveia moved to line 926-001 Unemployment Compensation and Mr. Cassella said a nominal amount is kept in this account in case anybody applies for unemployment compensation.

Mr. Myers commented that after the bonds are sold in June, he will have to come back and make some amendments to both the Water & Sewer Division enterprise fund budgets. There is no problem with the funds accepting that debt burden but at the time the divisions prepared their budget, the bond sale wasn't firm and Mr. Myers has reviewed this with Mr. Cassella, Mr. Byrne and Mr. Smith. Mr. Cassella said that additional reports on the debt are in the blue books handed out tonight and pages 9 and 10 explain the current bonds of the Water Division, as well as the proposed bond sale for the Water Treatment Plant and the impact and the year this impact is expected on the water budget.

Mr. Gouveia pointed out that 930-000 shows a drastic increase and it was mentioned that training of new personnel represents the lion's share of that account. Mr. Gouveia asked what account 345-087 Various Size Services represents and Mr. Denison said that expenditures were charged to this account for a person who comes in for water service and the actual installation of service, including labor and materials and this is offset by cash receipts in the revenue side.

Mr. Polanski asked how many feet, or miles of water pipe were being planned for installation next year and where and Mr. Cassella said there is no new construction in next year's budget but on the report for the bonding, there is a \$2,000,000 program over the next four years for upgrading of lines and the well development. Mr. Byrne said they are entering into a program of cleaning and relining the veins installed well over 100 years ago and the development of cheaper water resources.

Mr. Polanski asked about the pipe inspections and Mr. Byrne said they are buying their own televising equipment to be able to do that through this next budget, hopefully. Mr. Gessert commented that a few years back, Bowe & Walsh was paid around \$900,000 for an infiltration study and Mr. Byrne said that the result of that is being constructed this year and bids have been sent out for the repairs of the sewer lines in that study and that was for the center of town. Now, all the sewer lines in town will be inspected. Mr. Gessert expressed a concern that this work be done in conjunction with Public Works so their repaving work would not be torn up.

Mr. Polanski moved to line 920-000 and noticed that Administrative & General Salaries increased significantly and Mr. Denison said that one of the handouts presented this evening details this and Mr. Cassella said the salary for the distribution superintendent is reflected there and the 920-005 Contingency line is lumped into 920-000. Mr. Byrne said they have tried to depict where people are actually working and that they are being paid from the responsible accounts. Mr. Denison said that as an example, he was normally charged 80% to the Water Division and 20% to the Sewer Division and now it is half and half. The net impact of all the changes on the Water budget was the \$47,000 mentioned earlier, Mr. Cassella noted.

Mr. Holmes asked for information on Power Purchased for Pumping and Mr. Denison said the original appropriation was \$130,000; however, a sizable transfer was made recently because of the pumping required this last fiscal year because of the drought situation and this uses a tremendous amount of electricity. Mr. Holmes asked how much was anticipated for the rate increase and Mr. Cassella estimated 15%.

Mr. Killen moved to line 926-000 Employees Pension & Benefits and noted that for the fiscal year ending 6/30/84 the total was roughly \$150,000, fiscal year ending 6/30/85 was \$165,000 and this year appropriated \$185,000 and the upcoming year is up to \$229,000 and these overhead expenses appear to be way out of line. Mr. Cassella said that was is charged there is

very explicit--22% of labor for pensions, Blue Cross & Blue Shield which was a 30% increase, an additional \$12,000 to \$15,000, negotiated expenses for meal allowance, clothing allowance, telephone allowance, Social Security costs and these are itemized based on the employees and salaries.

307

Mrs. Bergamini asked about an ordinance which notifies people about repaving and Mr. Byrne said that if you decide you want to pave a road, you send notification to all of the property owners telling them that the road is going to be repaved and if there are any improvements that they wish to make, they would have to make those improvements before the road is paved and they would have six months to do that, such as, bringing a water line. After the road is paved, the only reason digging it up would be allowed for is an emergency situation, not for something frivolous and this will allow you to maintain the integrity of the roads and allow for better planning. This has been done in 13 municipalities in New Jersey in two counties and it's been tried in the courts and it holds up.

Mrs. Bergamini asked about a property owner requesting a sewer hookup who hires a subcontractor, is there a bond and can the bond be held back if a certain water contractor did not repair such as North Airline Road and Rock Hill Road which is a mess which has existed for 8 months and Mr. Kirkland said the job is not completed and that bond is still held and in addition to our bond, any private contractor that goes into a municipal street must get an excavation permit from the town Engineering Department and post a bond with them for road restoration and this must be worked through Engineering. Part of it related to the length of time the contractor has to restore the road there and he is not complete and no bonds have been released but there is a responsibility to maintain the road in passable condition and it's up to the Engineering Department to enforce that. Mrs. Bergamini said the neighbors were so sick of it they got some fill and blacktop themselves. Mr. Byrne said the responsibility of ordering that to be maintained is up to Engineering, not Water & Sewer and a program will be worked out with them with a notification process so that when Water & Sewer Division's work is done or gets to a point when Engineering has to maintain or inspect their work, Water & Sewer will notify Engineering that it's now turned over to them to get better coordination within the departments.

Mr. Holmes asked how much was built into the rates for the Water Treatment Plant and Mr. Cassella referred to page 10 of the blue book handed out tonight which shows where the impact is of the first costs to the Water Division of the Water Treatment Plant and at this point, based on the rate increase, the first impact will be in principal and interest payments in the year 1989-90 of approximately \$1,000,000. Mr. Cassella has reviewed all these projections with the Comptroller when the numbers were calculated.

Mr. Gessert mentioned the additional employees that are required and what their function will be and he felt that this was very well presented.

Mr. Holmes asked what kind of impact the new treatment plant will have on the water treatment expenses when it is on line and Mr. Byrne said it will go up because of the requirement to treat the water in a more sophisticated manner than is presently capable and that will require additional expenses for power and chemical expenses will increase. Mayor Dickinson pointed out that all of the water is not being treated now but it would be then.

Mr. Polanski commented that there will be an 18% increase in revenue with the rates for the coming year and Mr. Cassella said that will be the effect on the budget. Mr. Kirkland said that there is lost revenue due to the fact that the meters are not working right and this budget will provide for a meter change-out program which will increase revenues as far as accurate consumption records are concerned.

VOTE: (motion on page 145) Unanimous ayes (Rys absent); motion duly carried.

Mrs. Bergamini moved acceptance of WATER DEPARTMENT CAPITAL BUDGET, PAGE 145, seconded by Mr. Holmes.

308

Mr. Gessert moved to Passenger Car - $\frac{1}{2}$ value with trade and Mr. Cassella said the other $\frac{1}{2}$ is in the Sewer Division and this is detailed in the blue book on pages 16, 17 and 18 which shows a full listing of current vehicles, mileage, condition, type of vehicle and a 5 year projection on all vehicle replacement. Mr. Gessert asked why vehicles with 42,000 miles on them are in "poor" condition and Mr. Denison said it's the number of drivers and the types of roads driven. These cars will be replaced with mid-sized compacts but will only have one driver and Mr. Byrne said this will provide accountability by the driver and it may be that the prudent thing to do is to use the truck for poor road conditions and the car for other driving and this is the intention. Mr. Killen appreciates the list and hopes it is kept up because the Council needs this sort of information for replacement of vehicles on a timely basis.

Mr. Gessert asked about the Valve Turning Machine & Truck and Mr. Byrne said that one of the problems with the distribution system is that there is no preventive maintenance and broken valves which have to be replaced may cost as much as \$20,000 and with this unit if it only repairs two valves will be paid for and it puts a very exact low torque on the valves and turns very, very slowly and it exercises the valves within the system and once the valves are exercised, they can be properly lubricated and maintained. There are valves within the system that haven't been turned since they were installed 100 years ago and the most important of the system is the distribution and if you can't operate the valves within the distribution system, you have no distribution system at all and that's the way it is right now. Mr. Byrne said this is strictly a preventive maintenance machine for the operation of valves within the system hydrants and the protection of the distribution system and is probably the best investment this town could make within the water utility.

Mr. Holmes asked how the \$29,300 was arrived at and Mr. Cassella said it was reinstallation of hydrants with \$10,000 estimated for material to be used for replacement of hydrants, \$5,000 to repave portions of the road, \$10,800 for labor, \$3,170 for gas and oil and vehicle expenses proportioned to that.

Mr. Polanski pointed out that if a plumber shuts off a valve and breaks it, he must bear this cost and asked if the Water Department is called to shut off valves and Mr. Byrne said the Water Department should be called since every plumber has a valve turning key and that must be stopped with an ordinance with some teeth in it since the water utility is the only one properly authorized to operate these valves within the system.

Mrs. Bergamini asked about the WD-3 listed with the Valve Machine and Mr. Byrne said the WD-3 is currently operated by the same person who will be operating the Valve Machine and the Valve Machine will replace the WD-3 and the Valve Machine is a fully equipped truck.

Mr. Holmes asked if the money for Well Replacement will be work done in-house or vended out and Mr. Byrne said it will be both with most of the engineering work done in-house but well drillers will do the actual well development and testing. Mr. Holmes asked the status of Oak Street and Mr. Byrne said they intend to blend an acceptable quality of water and intend to develop a well at a lower elevation next to the one that is closest to the river and blend that water also and that will hopefully address a number of the water quality problems in the blending mode and the only chemical that has to be treated at this time is the manganese content and there is no problem yet that requires additional treatment for those two wells.

VOTE: (motion on page 148) Unanimous ayes (Rys absent);
motion duly carried.

Mrs. Papale moved acceptance of WATER DIVISION, PAGES 186, 187, 188 AND TOP OF 189, seconded by Mrs. Bergamini.

Mrs. Bergamini said that a new position for a secretary is

requested and asked what the Water & Sewer Division currently has and Mr. Denison said he has 1 clerk typist, and 2 utility clerks, and a chief clerk, and 2 girls primarily handle the water bills, one who handles the sewer assessments and another who handles the accounts payable, a total of 4 people for the Water & Sewer Division and the billing function is a 2 person job. 309

Mr. Gessert said the Council has a major dilemma on upgrading the positions and Mr. Byrne has reviewed the entire operation and has proposed making a number of operational changes and along with the restructuring of the duties for the personnel, he has also recommended some changes in classification and upgrades so those people will be comparable to other employees within the Town of Wallingford and also outside of Wallingford. Mr. Gessert thinks the recommendations are valid and make a lot of sense and the Mayor has requested that these reclassifications be put into Contingency until the Personnel Department has an opportunity to review the positions and agree or disagree, as the case may be and the Mayor has a commitment that these classifications will be reviewed and brought back to the Council for action prior to the beginning of the new fiscal year. Mayor Dickinson feels that a very consistent note has been struck and any personnel changes involving classifications, anything other than a new position, should be reviewed by the Personnel Department and, as a procedural matter, that is the way a Personnel Department operates and without that input, you just don't know what the full impact is and the Personnel Department never has an opportunity to even prepare for it and it's just not healthy in an overall picture. The Mayor felt that to be consistent with all other changes proposed in the past, he would recommend that the same procedure be used here.

Mr. Killen asked what the total dollar figure would be for adding 5 new positions and eliminating 1 and Mr. Byrne said the total dollars are in the high \$80,000 range. Mr. Seadale gave Mr. Byrne a June 17 date and requested that it be placed on the Council agenda for action on June 24.

Mr. Byrne asked if these positions could be moved into Contingency since one position has been left out completely and that is the Chief Engineer of the Technical Services Section and he would like to have that reflected on these pages. The reason the Chief Engineer doesn't appear is because there was no job description for that particular position and this has been submitted for review. This complete job description is included in the package the Council received over the weekend. Mayor Dickinson wanted every to understand that there are positions here and one in the Electric Division that do not appear in the book--they were requested and the Mayor indicated that the reason they were not included in the book is because to include a position that didn't have a job classification just seemed to the Mayor to be a little bit strange.

Mr. Byrne read the job description for the Chief Engineer of the Technical Services Section to the Council. Mr. Holmes asked how long it would take to fill such a position and Mr. Byrne said if the budget passed, he hoped that someone could fill it from the present staff on July 1.

Mr. Killen felt that the lump sum should be put into Contingency rather than allocating figures to particular positions until Personnel has reviewed the positions and Mr. Myers suggested that the other alternative is when the report is received from Personnel, it can be funded at that time. Mr. Denison said the figure for Water Division is \$69,330 and the Sewer Division is \$36,964, a total of \$106,294. Mr. Gessert asked if those figures are included in the totals and Mr. Byrne said they are not in the personnel pages but are distributed throughout the budget and a complete breakdown was provided for the various accounts in which they appear and what percentage of that labor portion would be for those account numbers.

Mr. Killen moved to accept the two page memo dated May 1, 1986 from John J. Byrne regarding steps necessary to implement proposed personnel changes for proposed 1986-1987 budget with the stipulation that the dollars be put into contingency in the total amount of \$69,330, Account 920-005, seconded by Mrs. Bergamini.

Mr. Gouveia felt that this is a major step in the right direction and he felt that the Council would benefit from a meeting with the Water & Sewer Division and Mr. Gessert would be happy to have such a meeting, perhaps in July or August. Mr. Byrne said he also did this study as a new manager and to enable him to become familiar with the department and Wallingford. Mr. Diana feels that Mr. Byrne's report is very organized and Mr. Byrne complimented the staff who is very, very easy to work with and he feels Wallingford has a very good staff. Mrs. Papale appreciates all the work this report entails and feels it is one of the easiest that she has read. Mrs. Bergamini felt that the Water & Sewer Division is the first one who presented all their information without the Council having to pull it out. Mr. Gouveia asked what the consensus was for a meeting and Mr. Killen felt that May 16 or 17 would be the first available date. 310

VOTE: Unanimous ayes (Rys absent); motion duly carried.

Mrs. Bergamini moved SEWER DIVISION OPERATING BUDGET ON PAGES 146 AND 147, seconded by Mr. Polanski.

Mr. Polanski pointed out that total operating expenses, administrative, on page 147 is up about 35% and employee benefits are up 45%. Mr. Denison said there is a summary on the Sewer Division on the major impact expenses. Mr. Cassella commented that the total labor increase for 1986-87 was \$92,000 and account 641 had an increase in chemicals of \$11,000 to be caused by the new Sewer Treatment Plant. Mr. Gessert asked why these chemicals are being purchased already and Mr. Cassella explained that a portion of the new Sewer Treatment Plant will be going into service during the upcoming fiscal year and treatment will be required. Mr. Byrne said the plant will be phased in because the old plant is also being maintained. Account 643 has an increase of \$61,370 for the new Sewer Treatment Plant electrical costs, Account 923-002 had an increase of \$21,400 for proportionate charges to the Town of Wallingford, 925 liability insurance went up \$12,001 and Workmen's Comp went up \$10,000 and 926 Pensions & Benefits went up \$73,000 and most of the cause of that is the redistribution of the employees to Water & Sewer, for example, Ray Denison who was 80% Water & 20% Sewer switches to 50/50 and a larger portion of his salary now is in Sewer and the benefits proportionately increased. Mr. Byrne said that another item is the meter readers who were traditionally charged to the Water Department and he is a Water & Sewer meter reader and having people charged to exactly where their function lies provides accountability. Mr. Killen pointed out that 926 Pensions & Benefits went down in 1984-85 and then picked up again and Mr. Cassella said that several things happened in that period and the accounting system was realigned and new accounts established and account values were estimated and it could very well be that it was a disproportionate breakdown of some accounts. Depreciation expense, account 403, increased \$102,400 and the total increases are \$383,000 which accounts for the entire major impacts to the Sewer Budget. Mr. Killen asked if all the sewer lines were being depreciated as well as the plant and Mr. Denison indicated they were and the existing plant is fully depreciated now. Mr. Gouveia questioned 419-000 Other Income and Mr. Cassella said there was a water and sewer rate increase and this reflects the Sewer Division increase in revenues as far as interest earned and monies received from connection charges, as well as contributions from Bristol-Myers. Mr. Gessert asked what Infiltration Revenues were and Mr. Cassella said that is the amount for the \$1.80 charge per gallon for new construction and \$180,000 will be expended for upgrading of the lines and the figure is the best guesstimate. Mr. Gessert mentioned the connection charge and Mr. Cassella said this was paid in full and it went into the connection charge reserve and that is part of the money that comes into the budget in account 473.

VOTE: Unanimous ayes (Rys absent); motion duly carried.

Mrs. Bergamini moved acceptance of SEWER DIVISION CAPITAL BUDGET - PAGE 147 AND SEWER DIVISION PROJECTED FIVE YEAR CAPITAL PROGRAM, PAGE 148. Mrs. Papale seconded the motion.

Mr. Cassella mentioned that the Sewer Division would be buying a T.V. unit to inspect the sewer lines and Mr. Gessert asked

if there was a decrease in another line item since a contractor would not be used for this service and Mr. Denison said there is in line 404 Expenditure from Connection Charge Reserves. 311

Mr. Gouveia had a question on the Siphon Chamber and Mr. Cassella said there are two portions to that and the revenue page showed industrial contribution \$310,000 in revenue and this is the expense to offset that revenue and it is the contribution received from Bristol-Myers when they hooked up to the system, for upgrading, and it is appropriated this year to use it for removal of the sewer line over Quinnipiac Bridge. Mr. Gessert thought that \$310,000 was specifically earmarked for the Sewer Treatment Plant and Mr. Cassella said it is very specific--Sewer System Improvements. Mr. Smith said this was discussed on several occasions and it was never expressly earmarked for the Sewer Treatment Plant. Mr. Gouveia felt that the \$310,000 should have come from the state and not from Bristol-Myers and he sees no reason to use ratepayers or taxpayers money to remove this sewer line. Mr. Holmes said that it was his opinion that the state has not told Wallingford to remove this line and Mr. Byrne said they are restricting what can over the bridge. Mr. Gessert asked what was planned for the sewer line and Mr. Byrne said it will be run under the river and Mr. Gessert asked if it could be suspended over the river at less expense and Mr. Byrne said that from a maintenance standpoint, long-term costs, it's a lot cheaper to go with a Siphon Chamber than to suspend the line. Mr. Byrne said that the state is concerned because it is attached to the bridge as well as the fact that it is in a flood plain and John Costello received comments from the state asking for removal. Mr. Gessert felt that alternatives could be considered for suspending this sewer line and Mr. Byrne said alternatives must be studied and although it's in the budget as a Siphon Chamber, it should be removal of that structure from the bridge and reconstruction of that and Mr. Byrne would be very happy if the state paid for it but given the alternatives that the state will not pay for it and the Engineering Department requiring its removal and as far as moving emergency vehicles over the bridge, Mr. Byrne can only respond to the public safety aspect of it and the requests that are made but from an operational standpoint, it doesn't bother him to leave it there. There are other considerations and those are what the Council and management within the town must make as a whole. Mr. Byrne will explore other options and if the job can be done for \$150,000, he will be pleased and Mr. Cassella said they will explore the possibility of getting state funds for it.

Mr. Polanski questioned the \$180,000 for Infiltration Removal and Mr. Byrne said that these are specific dollars for changing the manhole covers from 8 holes to 2 holes. Mr. Polanski asked if areas have been identified that have an excess amount of infiltration where the street may have to be torn up to get to it.

Mr. Byrne explained that this is not being done in that fashion and studies have been conducted of how much infiltration comes in through manholes where the grouting is in a state if disrepair and by replacing the manhole covers with covers with 1 hole instead of 8 holes will reduce the inflow and some 500 manholes have been identified. Mr. Smith said this is a specific thing passed in conjunction with Planning and Zoning and 473-002 is the account with the income and this is the planned expenditure, specific to the sewer and manhole rehabilitation. Mr. Polanski asked if there was other infiltration removal projects that may necessitate pulling up old sewer lines and replacing them and Mr. Byrne indicated there are, yes.

Mr. Gouveia felt that since the state allowed that sewer line to be put over the bridge, they should assume some of the responsibility for its removal and

Mr. Gouveia moved to eliminate \$310,000 for Siphon Chamber, Page 148, seconded by Mr. Diana.

Mrs. Bergamini said the town is mandated to remove that sewer line and asked what would happen if the state doesn't come through and Mr. Gouveia felt the Council should go to Hartford and mandate funds and Mrs. Bergamini felt that there is a weight limit on the bridge and Mayor Dickinson said that with the weight limit, the town is not supposed to take fire trucks

across the bridge. Mayor Dickinson gave the following history-- the notice was received from the state and John Costello informed the Mayor and the Mayor asked what was wrong with the bridge structurally and John checked and it turned out that there was nothing structurally wrong with the bridge but it was because the sewer line was hanging from it and the state didn't feel that this was proper, given the construction of the bridge. Mr. Costello does not have an argument against that position so the state's ruling stands as far as the weight limitation and you can ignore it but if anything happens, there is liability. Mrs. Papale asked if anything would be received from the state and the Mayor said a number of pieces of legislation are being chased in Hartford and to try to get a specific piece of legislation is very difficult and we've been chasing Route 68 and the S curve and the Mayor doubts very much if money will be received this year for that and it's been 2 or 3 years for that. Mayor Dickinson said that on the S curve, the DOT is putting out a contract for a consultant and it's not even in the 10 year program for state projects for completion. The Mayor said the General Assembly operates year by year and if the money isn't there, it's too bad because they didn't get the money they wanted. Mr. Polanski pointed out that in 1982 the state was supposed to pay some money for a Choral Room at the high school and not one cent has been seen yet--can you imagine how long it would take to get \$310,000?

312

Mr. Holmes asked if the money could be moved to another area and Mr. Gessert said he would rather not take the money out but doesn't want to rush into this project until every other alternative has been explored and Mr. Byrne pointed out that because the money is approved does not necessarily mean it will be spent.

Mr. Byrne said that before a final recommendation is made, the least costly impact will be explored and such recommendation will be brought back to the Council.

VOTE: Unanimous nos with the exception of Messrs. Diana and Gouveia and Mrs. Papale who voted aye; MOTION DID NOT CARRY. (Rys absent.)

Mr. Killen asked if someone was equipped to operate the T.V. camera and Mr. Byrne said they did and training was received by observation of the outside contractors who have been doing that work for the Sewer Division and the person is currently inspecting the televising work now since a contractor is not allowed out without an inspector. Mr. Killen said that under the vehicle replacement schedule, there is an 87 dumpster, SD-11 which is not listed in the capital account and Mr. Cassella said it is part of the contract for the Sewer Treatment Plant which requires that certain vehicles be available to remove the sludge and these vehicles are supplied by Stone & Webster to the Sewer Division under the contract. Mr. Byrne said that with the reorganizational structure, they have tried to project so that the Council has a feel for the staff level at the new Sewer Treatment Facility over the next 5 years and the Council can refer to that documentation.

Mr. Gouveia moved to place the \$310,000 budgeted for the Siphon Chamber on page 148 in Contingency, seconded by Mr. Diana.

Mr. Gessert asked if Mr. Gouveia would like to reduce both the income and expenditure side and he said just expenditure side. Mr. Gouveia is not convinced of the issue and would like to see proposals for discussion. Mr. Diana agrees with Peter and feels that the money is not being lost and this will give the Council an opportunity to review proposals. Mrs. Bergamini cannot go along with this because Mr. Byrne has responsibility for this and if he feels this is the way to go, she does not want to put the money in contingency. Mr. Polanski agrees with Marie and feels that we have experts to decide the course of action and we must rely on them and he does not believe the Council will ever have enough information to counteract what Mr. Byrne says should be done. Mr. Holmes asked about the possibility of state funds being explored and Mr. Cassella indicated that when the budget was being prepared, John Costello was contacted to determine which major project should be undertaken and John Costello recommended the Quinnipiac Bridge and an estimate of \$310,000 was determined for a reasonable way to correct the problem and the funds were available from the Bristol-Myers

contribution. Mr. Byrne found out about it during a meeting with the Mayor and Mr. Costello and the weight limitations and perceived problems were discussed and the state said this was not eligible under the rehabilitation of bridges and the responsibility would have to be borne by the town. At that point in time, it was felt that the Engineering Department would follow through with the orders and Mr. Byrne's concern is compliance. Mr. Holmes asked if the \$310,000 was an estimate and Mr. Byrne said \$310,000 will involve a great deal of creativity on the part of Water & Sewer Division because he expects it will be more than that and he hopes a better solution will be found. 3B

Mr. Gouveia wanted to make it clear that he is not questioning the reliability of the professionals from the Water & Sewer Division but he is questioning the reliability of the state and Mr. Gessert felt that the State of Connecticut is much better at giving mandates than they are at giving money. Mr. Holmes felt we should proceed with the project and badger the state for funds and reimburse the project.

VOTE: Unanimous ayes with the exception of Bergamini, Holmes, Killen and Polanski who voted no (Rys absent); motion duly carried.

VOTE: (motion to accept pages 147 and 148) Unanimous ayes with the exception of Messrs. Diana and Gouveia who voted no (Rys absent); motion duly carried.

Mrs. Bergamini moved acceptance of SEWER DIVISION PERSONNEL DETAIL AND SALARY CALCULATIONS, PAGES 189 THROUGH 192, seconded by Mrs. Papale.

Mr. Gessert pointed out that the total of \$36,964 should be earmarked for contingency for the personnel positions proposed for salary changes.

Mrs. Bergamini moved to put into Contingency the sum of \$36,964 to be earmarked to Account 920-005 from the following designated accounts: 642-000 \$1,872, 673-001, \$3,723 and 920-000 \$31,369. Mrs. Papale seconded the motion.

VOTE: Unanimous ayes (Rys absent); motion duly carried.

Mr. Polanski moved acceptance of SEWER DIVISION PERSONNEL DETAIL AND SALARY CALCULATIONS, PAGES 189 THROUGH 192, as amended. Mrs. Bergamini seconded the motion.

VOTE: Unanimous ayes (Rys absent); motion duly carried.

Mr. Diana asked if the condition of the bridge was safe and Mr. Gessert said it was as long as a vehicle did not exceed 14 tons, according to the state.

Chairman Gessert called a five minute recess at 9:15 p.m.

Mr. Polanski moved acceptance of ELECTRIC DIVISION OPERATING BUDGET ON PAGES 139, 140 AND ½ OF PAGE 141, seconded by Mrs. Bergamini.

Mr. Polanski observed that the grand total on page 141 shows a 33% increase in the operating budget. Mr. Walters said that a share of that is the purchased power cost and it appears that the increase CL&P proposed will have to be paid. Mr. Holmes believes the state is very close to passing legislation which would allow phasing in of the rates and asked if that would decrease the purchased power costs and Mr. Smith said its a matter of how it is paid--do we borrow the money. The Act is a method to raise the funds to pay the bills and one option is to borrow on temporary notes or utilize working capital accrued. The bill doesn't require phase-in but is a mechanism to utilize for borrowing funds to offset the pase-in.

Mr. Holmes asked favorably rate increases are affected due to the action taken by the state DPUC regarding CL&P's rate increase request and Mr. Smith said it will have some indirect impact and the Russian plant will have a negative impact because a 16.5% return on equity is exorbitant and utility stocks in the last few days have pummelled and the argument being looked at is how the investor perceives the exposure of the danger of his investment. Mr. Killen felt that the investment side changes from day to day and by the time a decision is made on this, things will be on the upside again. Mr. Smith felt there was no reason to get a 16.5%

return on equity and the state in their decision knocked it down to 14.1% and one of the people from Massachusetts said that a return on equity of 13% is sufficient but unfortunately, this Russian accident will have somewhat of an input. Mr. Killen said that part of the costs we've had to bear are due to the fact that they are in containment with the reactors here and there is less vulnerability and there is no comparison. Mr. Smith pointed out that a lot of the costs at Millstone III are the result of Three Mile Island, much of the \$3.8 million and the cost of money borrowed at that time. 314

Mr. Gouveia asked if the Council could sit down with the Electric Division sometime and rethink philosophies and organization, etc. Mr. Gouveia asked what the rate was that is being charged to customers and Mr. Smith said the third block is about 7.5¢, without fuel adjustment and last month the average rate was 6.5¢ including fuel adjustment. Mr. Gouveia asked how many customers there were and Mr. Walters said approximately 18,700 total and 15,000 are residential and the rest commercial. Mr. Gouveia said Wallingford's rates seem to be slightly lower than Norwich, East Norwalk, South Norwalk and Norwich this year returned back to the town \$3,213,400, electric and gas, and they have approximately the same amount of customers as Wallingford. South Norwalk and East Norwalk do not return any money but they do provide services and East Norwalk only has 2,800 customers and return \$150,000 in services to the town and South Norwalk returns \$420,000 in services to the town. Norwich will return much more to the town next year because of growth. Mr. Smith stated that Norwich has an ordinance which has a gross earnings tax attached to all electric bills which is increased with any rate increases. Mr. Gouveia said that for whatever it's worth, they seemed to think Wallingford made a great mistake by not joining CMEEC. They charge 9.8¢ for the first 1,000 kilowatt hours and 8.15¢ thereafter and a \$5.50 base charge.

Mr. Gouveia noticed on page 8 that Purchased Power has gone up 40% and asked what percentage of this money is needed to meet the increase and what percentage is needed to meet the rate increase expected to be passed by FERC. Mr. Walters said the Council was furnished with a further explanation of their budget and last year 395,000,000 kilowatt hours were sold and just over 408,000,000 is planned for this year, about 3% additional kilowatt hours that would have to be purchased and the rest would essentially be due to the higher price of purchase on the rate increase.

Mr. Gouveia noted that sales of electricity on page 139 only project a 13.3% increase and Mr. Walters said they are not planning to pass on the entire cost immediately to the customer. Mr. Gouveia said a 10% increase has already been added, with another 3% to come. Mr. Gouveia asked what they expected FERC to allow Northeast Utilities and Mr. Smith's opinion is that it will be knocked down 25% to 30% but there is no guarantee that this will be known in this fiscal year. Mr. Walters felt it would be 18% or 19% and when the budget was put together, the worst case was considered to be responsible and the fully 35% is budgeted. Mr. Smith said that on page 8 the NET INCOME/LOSS line will either be drawn down from retained earnings or possibly from outside borrowing for money to balance the budget. If there is a rate decrease or refund that money will be used to pay off the borrowing or it goes back to retained earnings.

Mrs. Bergamini referred to the net income and asked about the money which is supposed to come back to the town and Mr. Smith said there is an ordinance and he referred to the \$880,000 which he called similar to the 55% and it is the Electric Division's recognition of responsibility to help support the Capital and Non-Recurring Fund and this is the intent.

Mrs. Bergamini said that line in 1985-86 was earmarked for \$1,054,970 and as of 1/31/86 \$663,331 was received and asked if the balance would be received and Mr. Smith said probably not because he doesn't know how low net income will go over the next two months and in March this was \$1,800,000 but over the next two months + there will not be the income to offset expense which went up 35% and income is only up 10%. Mayor Dickinson pointed out that the town has to have the \$880,000 and this will be received no matter what. Mr. Killen feels that the committed figure can't be guaranteed this year with a profit and \$880,000 will be guaranteed when there is no

profit and he cannot understand how this is done. Mrs. Berga-
mini said that on 1/31/86 \$663,331 was committed to the town
and Mr. Smith said that was 55% of net income at that time. 315
The net income at 3/31 is \$1,800,000 and from that figure
will drop in the next two months. Mr. Gessert said that the
last two months will suffer a loss. He also pointed out that Mr.
Cappelletti is here from Levitsky & Berney should the Council
need any questions answered.

Mr. Killen again questioned how the \$880,000 was arrived at
if the figure for years has been 55% of net earnings and 55%
of -0- is -0-. Mayor Dickinson said that in real layman's
terms, instead of it being a contribution based upon 55% of
net earnings, it is now a pure expense item, a bill owed to
the town of \$880,000 and in accounting terms, it becomes one
of the accounts payable rather than at the end of the year
determining what 55% of a net income is. Mr. Killen pointed
out that in the absence of the ordinance, 100% earnings would
stay with the Electric Division and that ordinance was adopted
to receive 55% and if 55% is not available, there is nothing
in place to say the town is getting \$880,000 and the rules of
the game are changing--we have the Town Attorney's opinion in
front of us as to whether we should be getting 100% or not.

Mr. Killen said that these figures cannot be changed--either
you are getting 55% or 100% or a flat figure and he wants to
be shown which is supposed to be given in any given year.
The Town Attorney's opinion has been ignored and the next step
is plug in any figure you want and Mr. Killen does not think
this is good bookkeeping. Mayor Dickinson said this is a
discretionary act as part of a budget preparation, similar
to deciding you are going to purchase a truck and pay the vendor
for the truck and it's an expenditure that the utilities will
make to the Town of Wallingford and the ordinance deals with a
net profit and we are not talking about net profits here. We
are talking about the town needing funds to support a Capital
and Non-Recurring Fund and has nothing to do with the ordinance.
Mr. Killen said when he tried to utilize discretion saying that
funds were available in the Electric Division 2, 3, 4 or 5 years
ago and we were limited to 55% and now this exists only in his
imagination and he can't buy that. Mayor Dickinson asked that
it must be kept in mind that historically the Electric Division
has supported the Capital and Non-Recurring Fund and with the
current power purchased increase, that will not be able to be
supported out of any net profit so you are faced with no dollars
from the Electric Division and you either increase the mill rate
to support that to the tune of one mill or you look for a contribu-
tion as an expense item rather than 55% of profit. Mayor Dickin-
son said that \$356,000 was a contribution over and above the 55%
in the 1983-84 budget. Mr. Killen said, with all due respect, he
can remember Vinnie's opinion and the Mayor saying that people
were saying there are excess funds in the Electric Division and
there are no monies there. Mayor Dickinson said Mr. Killen has
used some very interesting phraseology "excess funds in the
Electric Division" and the Mayor does not agree that there are
excess funds and Mr. Killen said there is \$6,000,000 and the
Mayor wanted to know why Mr. Killen termed this \$6,000,000
"excess funds." Mr. Killen said \$4,000,000 would be taken
care of with this particular budget and have \$2,000,000 left
over according to projected cash flow. Mayor Dickinson explained
that the cash flow is not a straight expenditure of a lump sum
of \$6,000,000 and the auditor would be better able to explain.
Mr. Cappelletti then explained that the cash flow is cash on
hand and when you have revenues and expense, you have accrued
expenses and revenues receivable and your expense won't match
your cash flow but it could come close within certain circum-
stances. Mr. Killen said that the last fiscal year showed
\$300,000+ left over after all bills were paid and that was
the town's but the town couldn't touch it--the fiscal body
couldn't touch it and now \$880,000 can be appropriated with
nothing behind it to show where it will come from, just the
will of the Council and where did the Council get the will this
year that they didn't have last year? Mr. Cappelletti felt that
the Town Attorney said the Council had the power to take it and
Mr. Killen said the Mayor disagreed with him but that is what
he said. Mayor Dickinson felt that something is being lost in
interpretation, he can assure you. Mr. Killen is tired of

fighting this battle which he has been fighting for 15 years. He asked if anyone else on the Council had the impression that anything other than the 55% from the ordinance could be touched at any time and Mr. Gessert said he did not get that impression. 316

Mayor Dickinson suggested that the Council look at the 1983-84 budget and find a \$356,000 contribution to the town that has nothing to do with the 55% ordinance which is the same thing-- nothing new. Mrs. Papale asked how the \$880,000 was arrived at and asked if it was to cover a mill and Mr. Myers said that \$880,000 is the minimum dollars needed in order to pay bonded indebtedness in the Capital Fund--the minimum. Mr. Killen asked in what form the \$356,000 was transferred to the town budget in 1983-84 and the Mayor believed it was labeled "Contribution to Town from Unexpended Capital." Mr. Killen asked if the Council took any action on it and the Mayor said it was printed in the budget.

Mr. Gessert said that the Council has been successful in most departments in reducing Gas & Oil and he can't even find Gas & Oil in the Electric budget. Mr. Walters explained that this occurs in many, many accounts and the total budgeted is \$36,000 in about 16 accounts. Mr. Gessert suggested a reduction of 20%, or \$7,200 and requested a list of accounts.

Mr. Polanski moved to reduce Gas & Oil, Electric Division, by \$7,200, for a new total of \$28,800, seconded by Mr. Holmes.

Mr. Gouveia asked if the \$880,000 contribution could be increased. He noticed in the paper the article about raising the electric rates and he preferred to lower the electric rates. He asked if revenue were budgeted at \$1,000,000 and part of that revenue is coming from established rates, also budgeted is a \$1,000,000 expense and if that expense is cut by \$200,000 which is given to the town, how will that affect the electric rate assuming there is no loss and the revenue side is left as it is? Mr. Smith said that hypothetically, it doesn't change the electric rate. Mr. Walters wanted the Council to bear in mind that the Electric Division's income is not guaranteed and it depends on the sale of electricity.

Mr. Gouveia said that on 2/26/86 he attended a PUC meeting and made a remark that he had every reason to believe that Northeast Utilities would not be granted more than a 2% to 3% increase, if any at all, and Mr. Gouveia was asked where he was getting his information from and reluctantly he said the Attorney General's Office. Now it is known that there was no increase granted and Mr. Gouveia noticed that the minutes did not reflect his comments and he also asked a question at another meeting with PLM present and the question was, "In the event that FERC would only grant 15% to Northeast Utilities, would Pierce Plant still be considered a priority as the best of 3 alternatives?" The answer was no and that question did not appear in the minutes of the meeting. Mr. Gessert suggested that the minutes be double checked to reflect what happened at the meeting. Mrs. Bergamini asked why the Gas & Oil was only \$36,000 and Mr. Holmes said that the purchase order for this year was changed from \$35,000 to \$40,000 and there was a hurricane this past year which caused additional usage and the \$36,000 is representative of the usage. Mrs. Bergamini asked what rate was used to get to the \$36,000 and Mr. Holmes said he increased last year's \$35,000 by 5%.

VOTE: Unanimous ayes (Rys absent); motion duly carried.

Mr. Walter Lee will submit a list of applicable accounts for the \$7,200 Gas & Oil reduction.

| Account | Amount |
|---------|--------|
| 583 | 1080. |
| 584 | 72. |
| 585 | 144. |
| 586 | 360. |
| 587 | 216. |
| 593 | 1440. |
| 594 | 72. |
| 595 | 72. |
| 598 | 144. |
| 364 | 1080. |

| | |
|-------|--------------|
| 365 | 864. |
| 367 | 72. |
| 368 | 720. |
| 369 | 504. |
| 370 | 216. |
| 373 | 144. |
| Total | <u>7200.</u> |

317

Mr. Diana moved to page 141, line 926 Employee Pension & Benefits which shows a substantial increase. Mr. Lee stated that this account includes the 22% pension, Blue Cross, sick day payoffs for retirees and a 32% increase was figures for Blue Cross, a 22% increase for pension for 8 new employees, 6 retirees and that is the bulk of it. Mr. Diana said he would reduce that line and asked for a figure the Electric Division would be comfortable with. Mr. Gessert asked for the salaries of the 4 employees cut from the budget by the Mayor and Mr. Lee suggested 22% of \$97,000. Mr. Gessert asked what amount is slated for other fringes and Mr. Lee said the present bill with no new employees is \$12,500 a month, say \$600 per month and Mr. Gessert said that is \$1,800 per year per employee x 4 is \$7,200. Mr. Diana suggested a reduction of \$29,809.

Mr. Diana moved to reduce line 926 Employee Pension & Benefits by \$29,809, for a new total of \$740,000, seconded by Mr. Holmes.

VOTE: Unanimous ayes (Rys absent); motion duly carried.

Mr. Diana moved to reduce line 923-2 Outside Services-Legal by \$10,000, for a new total of \$50,000 unless there is some reason the Electric Division doesn't want to see it cut. Mr. Smith said this is for continuation of the rate case which will carry over to next year and these bills are currently \$116,000. Mr. Diana withdrew his motion.

Mr. Diana moved to reduce line 923-3 Outside Services-Consultant by \$15,000, for a new total of \$80,000, seconded by Mrs. Papale.

Mr. Diana commented that if the money is needed, the Council will give it. Mr. Gouveia would like the Mayor's opinion on this and Mr. Gessert said the Council was just told that some of the new employees requested did not survive. Mayor Dickinson pointed out that the bottom line is -0- profit and asked what would be accomplished with all kinds of gymnastics going through this because there is no profit and in addition, this doesn't affect the mill rate at all as long as there is money to cover the Capital and Non-Recurring Fund. Mayor Dickinson said that the primary responsibility is to get electric power at a better than competitive rate and the Mayor feels the town gets that. Mr. Gouveia felt that this is an exercise in futility and the Mayor explained that his rationale was requested. Mr. Gessert pointed out that there are significant increases in some of the numbers and if total expenditures are reduced by say \$200,000, the amount of loss is reduced if they live with that but it doesn't affect the mill rate and the town does not get any more money and the revenue side of the budget is not touched. Mr. Cappelletti said the loss would show up less budget-wise with this \$200,000 expense reduction but he felt the \$200,000 would be requested later for operations and Mr. Gessert felt this money is always found in other accounts and these are the facts. Mr. Beaumont said that they have been looking for money for additional fees for consultants and outside attorneys with regard to the rate case and the Council said this money could only be taken from net income and he felt that basically, a trade-off is being made. Mr. Gouveia made an assumption that the budget could be reduced \$1,500,000 and if the Council had the power to put the \$1,500,000 in the town side of government, the tax increase this year would be eliminated and he felt that it does affect the tax rate. Mr. Gessert's understanding is that if there is a \$4,000,000 deficit and expenditures are reduced by \$1,500,000, there is now a deficit of \$2,500,000. Mr. Gouveia asked if this year showed a profit, could the Council ask for \$1,500,000 to offset any tax increase and Mr. Killen pointed out the 1983-84 Contribution from Unexpended Capital of \$356,000 and the Mayor at that time did it and he does not know what this Mayor or the present Council can't do it at any given time from any source since it was not challenged in the past and given the opinion from the Town Attorney, that money all should have been in the town fund in the first place. Mr. Smith said you are dealing with a legal question and the

Town Attorney and Mr. Smith don't agree on this but don't mix the \$6,000,000 which is working capital by saying it's retained earnings--that is a cash position at a given time and there are bills which must be paid at the end of June, 1987 there are \$4,000,000 in bills, at least. Mr. Cappelletti said there are bills outstanding but there are also receivables and it depends what the relationship is of current liabilities to current assets and the whole balance sheet must be looked at and cash flow projections done. Mr. Polanski asked what the money is up to that stays in the Electric Division over the years and where did the interest of \$500,000 come from. Mr. Lee said they have 60 days in which to pay their bills and there is a lag period for use of funds collected and a great deal of the \$500,000 would be from that; customers deposits are held, a liability, advances for construction, a liability. Mr. Polanski posed the assumption that last year the Electric Division gave the town \$500,000 and kept \$500,000 and asked where the \$500,000 kept would go and Mr. Lee said they do have these things in CD's and the average balance of the investment portfolio per month is about \$5,000,000 which represents about 2 months CL&P bills. 318

Mayor Dickinson wanted retained earnings understood. Mr. Cappelletti explained that retained earnings is just moving net income every year to an account called retained earnings, 45% of net income, around \$12,000,000 at the end of last year and the cash is around \$6,000,000. With the money earned every, partially cash, the Electric Division bonds capital equipment and it has been paid for cash and not bonded for a number of years. The cash flows out but you only depreciate a portion of that, expense a portion of the capital equipment purchased, and even though maybe \$3,000,000 went out, your write-off is only \$1,500,000 in depreciation which only reduces income by \$500,000 so a large amount goes to retained earnings which is only an accumulation of net income, not always cash. Mr. Killen said the Council uses solid figures, the amount expected to be taken in and amount expected to be spent and they balance. Based on \$1,500,000, the Council has not budgeted for their 45% of that \$1,500,000 and that's theirs and these are the figures Mr. Killen is talking about that accumulate.

Mayor Dickinson said that a lot of this comes down to basic philosophy and he feels everyone recognizes that but what you ultimately come back to is the rate you are charging, what goes into the rate structure and if you put in the rate structure major contributions to the town in lieu of taxes, it means your rates are higher--it also means there's a return--there is enough money coming back into the utility to provide for the capital expenditures, for the hurricane funds, money to draw upon for emergencies for all of the things that anyone charged with determining what should be a return on investment, how you are going to replace capital, what that return should be. Mayor Dickinson further stated that the more you put in to offset a mill rate, the higher the electric rate has to be; otherwise, you will either have to bond or you will have to borrow to replace capital, replace buildings, etc. over the years and it must come from the ratepayer and either the rate is higher or it's lower but it is all in the way you determine the rate and the rate right now does not reflect major contributions from capital to the Town of Wallingford for tax purposes. They can be appropriated but sooner or later, if a need for those funds arise and they funds aren't there for capital replacement, someone has got to make up for those funds and that's the basic philosophy and Mr. Cappelletti agreed that the Mayor is correct. Mr. Killen felt that the town has the means to raise money for emergencies and he started this 15 years ago but he would be glad to drop the ball because he is going to get nowhere anyway.

Mr. Diana felt that Mr. Killen is not all that wrong and mentioned that Norwich felt badly that we didn't join CMEEC and their \$90,000,000 debt. Mr. Diana is not sure if we have a big town budget with a small town mentality or if we have a small town budget with a big town mentality and one of the frustrations he is beginning to feel with the Electric Division and the next consultant he will vote for is one to look at the structure of the Town of Wallingford which has grown so rapidly, not only the structure of the Electric Division but the town in itself.

Mr. Diana said the Electric Division has a \$40,000,000 budget, autos, employees, equipment, tremendous physical plant and it matches and totals the budget of the Town of Wallingford and you can sense the frustration of the Council and it must be pretty quick that we decide what direction the Electric Division is going to go and what direction the town is going to go. Mr. Polanski said the capital is in addition to the \$40,000,000 budget with another \$2,000,000 for capital and Mr. Polanski asked where the \$2,000,000 is coming from. Mr. Smith said that next year, because of the cash flow problem, it is being recommended that the whole capital budget be funded from outside source, otherwise it will hurt the cash flow. Mr. Smith further stated that the capital relates to whatever ordinance is authorized on May 13 for the appropriation of these monies, all from borrowed funds. Mrs. Bergamini asked what would happen if it was decided they are operating at a loss and they shouldn't replace 9 vehicles and once the budget is adopted on May 13, the Electric Division budget is adopted. Mr. Gessert said the capital portion is separate this year for the first time. Mrs. Bergamini asked what else was included in the capital budget in the way of desks, electronic typewriters, etc. and Mr. Walters said he did not have such a list tonight. Mr. Smith indicated that their capital budget includes equipment, material, labor, gas and oil and Mrs. Bergamini is completely frustrated because there is no list provided showing capital equipment. Mrs. Bergamini mentioned that Jack Byrne provide her with answers to every question she had and she wished department heads could provide answers in that manner to the Council.

Mr. Holmes asked how much money was budget last year for work at the Bristol-Myers site and Mr. Beaumont believed it was \$90,000. Mr. Holmes asked about 925 Injuries & Damages and Mr. Lee said this was insurance, 100% insurance which may be short by the end of the year.

VOTE: (motion on page 160) Unanimous ayes with the exception of Mrs. Bergamini who passed and Mr. Polanski who voted no (Rys absent); motion duly carried.

Mr. Walters referred to line 506 and said 2 new people were requested for the power plant and only 1 was approved and \$97,000 for salaries was spread through the budget for the 4 people the Mayor's Office approved and he would come back to the Council with the appropriate accounts.

Mrs. Bergamini moved to reduce \$97,000 from page 139 with appropriate account reductions to be supplied by the Electric Division. Mr. Polanski seconded the motion.

VOTE: Unanimous ayes (Rys absent); motion duly carried.

SEE PAGES 163A AND 163B ATTACHED REFLECTING \$97,000 REDUCTION.

The Council also removed \$97000. for four new positions included in the line items. The \$97000 should be cut as follows:

| Position Cut | Account | Amount | |
|------------------|---------|--------|-------|
| Meter reader | 902 | | 17000 |
| Utility Operator | 506 | 18000 | |
| | 505-2 | 3500 | |
| | 502-1 | 2000 | |
| | 505-1 | 500 | 24000 |
| Lineman | 364 | 4300 | |
| | 365 | 2800 | |
| | 583 | 4200 | |
| | 593 | 12500 | |
| | 369 | 4200 | 28000 |
| Project Engineer | 362 | 5000 | |
| | 367 | 8000 | |
| | 512-2 | 10000 | |
| | 592 | 5000 | 28000 |

Total

\$97000

The total of \$97000 and \$7200 totaling \$104200 is summarized as follows: 320

| | | | |
|-------------------------------|-------|-------|--------------|
| | 502-1 | 2000 | |
| | 505-1 | 500 | |
| | 505-2 | 3500 | |
| | 506 | 18000 | |
| | 512-2 | 10000 | |
| Total Production | | | 34000 |
| | 583 | 5280 | |
| | 584 | 72 | |
| | 585 | 144 | |
| | 586 | 360 | |
| | 587 | 216 | |
| | 592 | 5000 | |
| | 593 | 13940 | |
| | 594 | 72 | |
| | 595 | 72 | |
| | 598 | 144 | |
| Total Distribution | | | 25300 |
| | 902 | 17000 | |
| Total Cust Rec. & Col | | | <u>17000</u> |
| Total O & M | | | <u>76300</u> |
| May 2, 1986 | | | |
| Capital | | | |
| | 362 | 5000 | |
| | 364 | 5380 | |
| | 365 | 3664 | |
| | 367 | 8072 | |
| | 368 | 720 | |
| | 369 | 4704 | |
| | 370 | 216 | |
| | 373 | 144 | |
| Total Capital | | | <u>27900</u> |
| Total cut Gas and 4 Positions | | | 104200 |

In addition to the above, the Council also cut \$15000 from 923-3 Consultants and \$29809 from 92.6 Employee Benefits.

The Grand Total on page 141 of \$40626090 should be lowered by \$121109 to \$40504981 to produce a net loss of (3973070)

Walter O. Lee

 Walter O. Lee
 Office Manager

Mr. Gessert moved to line 512-2 and asked if \$257,000 was enough to redo the boilers last year, and asked why it was increased by \$75,000 this year and Mr. Walters said it is 20% more for the work this year and in addition to that, there is \$20,000 for incidental tube leaks, \$12,000 to over-haul the 12 safety valves on the boilers which is requested by the insurance carrier. Mr. Gessert noted that meter expense jumped from \$127,902 to \$160,550 on page 140, line 586 and Mr. Holmes said this is for 5 meter readers and a meter supervisor was budgeted (new position). Mr. Polanski referred to page 23 of the book distributed by the Electric Division and said the budgeted salary is \$21,900 with \$8,700 worth of fringe benefits with actual earnings of \$30,600 and Mr. Walters said he is not earning that and Mr. Polanski felt that everyone should understand that when someone is hired for \$21,900, it is costing \$30,600 for that person and Mr. Lee said the pension alone is 22%. Mr. Gouveia was interested in line 586-25% increase, 597-over 100% increase and 902-22% increase all pertaining to meter readers. Mr. Walters said the town is growing. Mr. Holmes said it is for wages and increases in wages and other incidental items related to meter expense, connecting and disconnecting, etc. 597 is for physical repairs of meters rather than scrapping them and there is a transfer in process for 597 said Mr. Holmes. Mr. Lee said that since last year, 2 years of contracts have been put in place, a total of 14% and without anything else happening there is a 14% increase. Mr. Lee said that a meter

reader was requested in 902 and it did not fly and that line will be cut by the meter reader's salary. Mr. Gouveia suggested reading the meter every 3 months and estimated bills in between and Mr. Lee said the PUC is looking at that for the future and from personal experience, Mr. Lee felt that the people of the Town of Wallingford do not want estimated bills. Mr. Gouveia noticed a 58% increase in line 904 from 1984-85 and Mr. Lee said a percentage is taken of total sales for uncollectibles and this is set up as an expense item and as rates go up, this too will go up. Twice a year, uncollectibles are physically written off and this year it was about \$80,000 according to Mr. Lee, less than 1/10 of 1%, a very healthy and good situation. 321

Mr. Holmes asked if 3 or 4 part time people, 19 hours a week, could be used for meter reading to eliminate a full benefit package. Mr. Lee said there are contractual obligations with the union and that would be putting non-unionized people in union jobs.

Mr. Polanski moved acceptance of ELECTRIC DIVISION OPERATING BUDGET, PAGED 139, 140 AND ¼ OF 141, seconded by Mrs. Bergamini.

Mr. Gouveia questioned 595 Line Transformers and Mr. Holmes said that in addition to repair of transformers additional expense is now being budgeted for oil tests for PCB and capacitor disposal which federal authorities have indicated must be disposed of by January, 1987. Mr. Killen feels that there is no similarity between many of these figures from 1984-85. Mr. Gessert questioned Customer Service & Information and Mr. Walters said they are reasonably close to reaching an agreement with CONNSAVE for energy audit information for customers. Mrs. Bergamini felt that notices should be included with bills regarding the use of generators since many were purchased during the hurricane.

VOTE: (motion on page 164) Unanimous nos with the exception of Bergamini, Gessert, Holmes and Polanski who voted aye (Rys absent); MOTION DID NOT CARRY.

Mr. Gessert asked if there was any sense voting the capital budget now since the ordinance is scheduled for May 13 and Mr. Myers said the Council could take action on the capital budget and take similar action the night the ordinance is heard or if there are questions, they could be answered the night the ordinance is heard. Mr. Gessert wants a list of everything in the capital budget before the ordinance is heard.

Mr. Holmes asked what the status of the efforts was regarding inventory control and Mr. Walters said periodic spot inventories have been taken, a consultant has been in within the last 2-3 weeks and the report was received yesterday. Mr. Holmes asked if there was any computerization of the inventory or if it was all done with charge slips and Mr. Walters said at this time, it's all pieces of paper and one of the recommendations is a bar coding system. Mr. Holmes asked what the result was of the spot check and Mr. Lee said there were a few plusses and a few minuses but basically in the ballpark, could be better. Mr. Lee would guess that items are being used by the division that are not accounted for and he does not mean pilferage at all and he gave an example of Hurricane Gloria. Mr. Holmes would like a copy of the consultant's report.

Mrs. Bergamini moved to line 390 and Mr. Holmes said that \$30,000 was budgeted to close half of a building and get some type of heat in it for additional use. Mrs. Bergamini moved to line 391 Office Furniture & Equipment and Mr. Gessert is not voting until he receives a list of these items. Mr. Myers explained that this must be approved again on May 13 when the ordinance is heard but this certainly can be discussed tonight. Mr. Walters felt that if the information is provided that the Chairman is asking for that many questions will be answered. Mayor Dickinson said the sum total of the ordinance can be reduced on May 13. Mrs. Bergamini said that while this list is being prepared, Water & Sewer should be asked for a list of their capital items as well. Mr. Walters said this question has been raised other years but he hopes the Council realizes they have no absolute figure of how many developments will be

approved, how many transformers will be needed but the estimate will be provided but he hoped the Council realized that changes have to be made within that. Mr. Smith wanted the Council to understand that 6 transformers doesn't mean just that--it often includes the labor, gas and oil, etc. Mr. Gessert asked the Electric Division to provide that information with the list. Mrs. Bergamini said she is interested in desks, typewriters, etc.

322

Mrs. Bergamini moved to table ELECTRIC DIVISION CAPITAL BUDGET, PAGES 141 AND 142, seconded by Mr. Polanski.

VOTE: Unanimous ayes (Rys absent) with the exception of Mr. Gouveia who was not present for the vote; motion duly carried.

ELECTRIC DIVISION PERSONNEL DETAIL AND SALARY CALCULATIONS - PAGES 180 TO 185.

Mr. Gessert asked if the new positions were listed and Mr. Walters said most are listed and only 1 appears on 180-181 Customer Service Clerk (New) on page 181 which is still in. Mr. Walters said that the key punch operator, sixth item down, page 181 should be for \$13,904, not \$16,904. Mr. Walters said there is nothing on page 182 and the vacancy on 183 has been filled since the budget was put together. Mr. Gessert asked about the specials on page 183 and Mr. Walters explained these positions. Mr. Walters said the Meter Reader (New) toward the bottom of page 184 is one of the positions eliminated and Mr. Walters expects that 3 or 4 first class linemen will be lost this year. The fourth position eliminated was a project engineer and the Mayor said certain positions don't appear because job descriptions were not available and the Mayor provided this information to the Council in a letter. Mr. Gessert asked if any of the positions not approved by the Mayor appeared on pages 180 to 185 and Mr. Walters said the last utility operator on page 185, Lineman 1st Class (New) on page 184 and Meter Reader (New) on page 184 were all eliminated.

Mr. Polanski moved acceptance of ELECTRIC DIVISION PERSONNEL DETAIL AND SALARY CALCULATIONS ON PAGES 180 TO 185 ELIMINATING THE FOLLOWING POSITIONS:

- Meter Reader (New) and Lineman 1st Class (New), Page 184
- Utility Operator (New) on page 185.

Mr. Holmes seconded the motion.

VOTE: Unanimous ayes (Rys absent) with the exception of Mr. Gouveia who was not present for the vote; motion duly carried.

Mr. Gessert mentioned that he asked Jack to check on a project for repair of sanitary sewers where there was only one bidder and he saw another for replacement of city water pipe at Pierce Generating Station, bid opened March 4, about a \$40,000 project and Mr. Gessert asked if the project has been awarded and Mr. Walters said it has and Mr. Gessert asked why the Water Department why nobody wants a \$40,000 job. Mr. Walters agrees to provide Mr. Gessert a list of the people the bid was sent to but he felt there was so much construction going on, it is difficult to get people. Mr. Gessert said he has talked to people who feel that Wallingford's specs are very difficult to bid and many companies feel it is impossible to bid.

A motion to adjourn was duly made, seconded and carried and the seventh budget workshop adjourned at 11:56 p.m.

Meeting recorded by:
Lisa M. Bousquet, Council Secretary

Meeting transcribed by:
Delores B. Fetta