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**TOWN OF EAST HAVEN
BOARD OF FINANCE**

**MINUTES FOR WEDNESDAY JANUARY 20, 2021 7:00 P.M. REGULAR
MEETING**

**TO THE RESIDENTS AND TAXPAYERS OF THE TOWN OF EAST HAVEN
AND OTHER INTERESTED PARTIES:**

Due to Governor Ned Lamont's March 10, 2020 declaration of a public health emergency and civil preparedness emergency and his subsequently issued Executive Orders 7B and 7D: and, due to the spread of the Coronavirus Disease 2019 in the State of Connecticut including New Haven County, in-person public access to this meeting will not be permitted. **This will be a 100% electronic meeting.**

**The Public can access and participate in this Special Meeting
from a computer, tablet, or smartphone:**

Join Zoom Meeting

<https://us02web.zoom.us/j/81288894203?pwd=b2lBRGVBbGRSUTerb00xSVgySWttdz09>

Meeting ID: 812 8889 4203

Passcode: 895917

**If you do not have internet access, you can DIAL IN using your phone:
+1 646 558 8656 US (New York)**

Meeting ID: 812 8889 4203

The East Haven Board of Finance held a Regular Meeting on January 20, 2021, which commenced at 7:00 P.M. via ZOOM, in order to transact the following:

I. Roll Call

Rich DePalma, Noreen Clough, Beth Purcell, Rich Esposito, Ralph Vitale, and Al Purzycki were present. Mayor Joseph Carfora was absent. Ralph Vitale was not present for the entire meeting. Jim Keeley, Finance Director was also present.

II. Read and Approve Regular Meeting Minutes from

Noreen Clough thanked the undersigned clerk for providing detailed minutes at the last meeting. Noreen Clough made a motion to approve the Regular Meeting Minutes from December 16, 2020, Beth Purcell seconds. All in favor.

III. Old Business

Beth Purcell asked if we were due any money back from the State or Government from any of the storms and all the tree removal. Jim Keeley stated we are not due anything back at this moment and are hoping to get some grants to help with that. The state, as part of the Losuf program, they started allowing you to take down some trees, etc. to get in front of next time, but this happened after the fact. Rich DePalma asked whether we could use any of this money for the dump for grinding, etc. Jim Keeley said he believes so, but we have to see what money becomes available and what the specifications are when they do become available.

IV. New Business

Noreen Clough stated the Town Attorney would like for us to move one of the Agenda items. Attorney Luzzi stated he wants to move the Claims Review which will be a general discussion about the numbers, but he wanted to switch the Executive Session to the last item on the Agenda. If you (the Board) votes to go into Executive Session, Mike Luzzi would send a separate Zoom link to go into Executive Session. There will be no action taken at the Executive Session. The undersigned clerk will be provided with the time of adjournment.

Noreen Clough made a motion to move Executive Session which would be 9A. Beth Purcell seconds. All in Favor. Ralph Vitale has joined the meeting.

Noreen Clough was looking at how our budget schedule will be going, and she asked the Chairman whether everything is on course. Usually it gets started around the first week of March. Jim Keeley said we should be on course and everything is due back on February 3rd.

V. Public Comment

Lorena Venegas has her hand up and would like to speak per Attorney Luzzi. Ms. Venegas addressed the Board members, Elected Officials and Town Attorney Luzzi stating she appreciated their time. She wanted to cover 3 issues. The first: Ms. Venegas states as

residents we found out that there is a DC Moore Purchasing Sales contract agreement from August 2020, from the minutes that is listed as old business. I want to make sure that we encourage follow up on the Agenda so that we the residents stay informed. That item did not fall through with Town Council. Lorena stated she does not usually come to these meetings, because everything is usually checks and balances here, and items are transferred to Town Council for approval. So that was missed. There is a petition to stop the sales contract (554 signatures). She wants to be sure we encourage checks and balances within our Board of Finance and Finance Department. Ms. Venegas reviewed all the minutes and was surprised we did not have a meeting in October and November so that is why there was no follow up either in September or December. This is the first opportunity that the public has heard, during the last week, that there is a DC Moore purchasing sales contract between the conversation of the Vice Chair Rich DePalma and Mayor Carfora. We need transparency and accountability and answer residents' questions and keep on top of the topic. As a result of the Petition, we have filed a FOI request through the Town Attorney and we are looking for you to do a FOI request because there are cameras on that property and we want to see all the invoices. All those cameras were purchased in the year 2020. We need some accountability on that.

Secondly Ms. Venegas wanted to mention the Audit. The Audit has large negative numbers and we need to make sure that whatever policies and procedures need to be changed, that we are open about it. A large portion of that debt falls on my children's future. These types of expenditures that we do and need to do in the future, we need to be conscious.

Thirdly, Ms. Venegas mentioned the New Haven Register article that came out last week, January 13th, noting that there was a contradictory miscommunication between the Board of Education and the Town Hall. The BOE met on the 12th of January and said that a vendor was ?? inaudible Ferrara, and that the Town picked the vendor. The reporter Mark Zeretsky followed through and reached out to Mayor Carfora, Jim Keeley, Charlie Coyle and Ray Baldwin. All 4 said they had no knowledge of the project. This is my way of actually making sure we go back to the accountability of the minutes and iron out some of the BOE costs. I want to make sure when I call and I email, that I get answers. Behind me there are parents and residents and we need checks and balances at our local government. She thanked everyone for their time and hopes that everyone is open to communication in the FOI request that you will be responding to in the coming weeks.

Attorney Luzzi stated that when we get FOI requests, we respond as required withing the 4 day window and our Town Clerk gets a number of them through her office and she forwards them to me and I respond. Whatever an individual asks for, we cut and paste back into our response so that there is no miscommunication in how we are responding. After that, if in fact I have the answers, I provide it. If I don't I send the FOI to the specific department. Same thing for the Police and Fire Departments. Attorney Luzzi can unequivocally say that when we receive them, we respond initially withing the 4-day window with the required response.

**VI. Fire Department
Pumper Proposal
Financing/leasing Proposal**

Noreen makes a motion to discuss, Beth Purcell seconds. All in favor.

Discussion: Chief Marcarelli put a proposal in our capital budget for last year for a replacement pumper. It was our intention to acquire a serviceable used pumper of less than 10 years old to replace one of our spares or a volunteer apparatus one of which is 27 years old and one is 30. NFPA regulations or standards recommends that after 10 years an apparatus be relegated to reserve status. One of the apparatus is a front-line piece the other one is a spare that runs out of headquarters. That is probably used for one to two days a week. Mayor Carfora, being in the trucking business knows vehicles, and was not wild about get a serviceable apparatus off the used market, which we would probably have to get from a broker. I proposed to him my original request was for \$300,000.00 for a used apparatus and compromised at \$200,000.00 which would be put toward a lease of a new custom-built apparatus. It will go to station 4 because the firehouse is too small to house an off the shelf apparatus. The price is about \$503,000.00 which is in line with the past 2 apparatus that we bought. One through a grant and one through our capital improvement plan 3 years ago. We had them price out 2 different options with \$200,000.00 down, one was a 5-year lease we would pay a total finance charge of \$20,643.00; the other option was a 6-year lease which would be \$25,004.00. It would bring our total age of our apparatus age of years of service from 15 (currently which this number is skewed based on 2 old apparatus and 2 new apparatus) to 8 ½ years and puts us in line with the NFPA. The first option for 5 payments of \$65,560. At 2.62 interest rate or 6 year \$55,366. At 2.64 interest. These are the 2 proposals. I would opt to go to the 6-year lease. The payment would be \$5,000.00 more in interest than the 5-year lease. We are getting about 20 years out of an apparatus. After payment we still have substantial service life and show us decreased maintenance cost. The 2 older vehicles we have really racked up maintenance costs in the upkeep, particularly the 27-year-old one at headquarters. They are still on the road; one has substantial undercarriage rot to the body, but the 1991 apparatus is old. We put a lot of money into it and it's still a rough tough on his truck but there's a I'll reliability factor. The trucks are running to paramedic calls and medical calls and are currently going from a 2017 apparatus where they have to go into a spare apparatus and they're going to a 1994. There's a reliability Factor that's concerning. Rich DePalma Asked if this is Truck is going out every calls. Chief stated that this is currently a reserve apparatus but probably about two three four times a week when the other trucks are down for preventive maintenance and repairs, we pull this one in. Usually when it goes on the road there is a mechanical problem because it's just really getting old. Beth Purcell asked if this payment would be part of the expense now. Was that supposed to be capital. We have an EMS lockbox account funding that we get from paramedic responses and it goes to an Enterprise account which is used to pay a bond on two fire trucks that we purchased in the past. So those are typically purchased at a 10-15 or 20-year bond and by the time the 20-year bond is paid the truck basically must go to the scrap yard. I think leasing is a better option. We would be paying those in your payments out of that Enterprise account. Currently there's \$25,000 payment that comes out of that for two trucks in 2010. We would increase that to pay for the lease purchase of this apparatus. Rich DePalma asked about the costs from the sheets that we were provided. Al stated if this is a relatively new vehicle the question would be after five or six years is this something that we may want to consider purchasing. If there is a purchase option what would that be. Chief stated it is a lease to own and have it for a 20-year service life. The chief thinks that this is

a better option than then bonding the apparatus. If we can pay the annual payments, it is a better deal for the taxpayer. Jim Kelly also stated that he and the chief discussed this and the fact that we are getting a vehicle that will have a long life and is a good deal for the Town. The \$200,000 from the Capital Improvement plan has not been bonded yet, however it was approved last year. It will at some point be bonded and we will save an additional \$300,000.00 from being bonded. Noreen reiterated the plan and asked if we can afford the lease payments and the other trucks payments. Jim Kelly said yes unless something drastically changes. The fire department has been bringing in enough money to sustain and substantiate the payments. Jim Kelley would like to do the six-year lease. Rich DePalma asked if the \$200,000 that was pre-approved? Does the \$55,000 fall in this year's budget or last year. Jim stated that will come out of a special fund. It would be paying through monies collected from Fire Department from paramedic. This is just approval to pass it on to the Town Council. Noreen Clark made a motion to Approve the pumper proposal and to pass along to the Town Council Beth Purcell seconds. Roll call, (Ralph Vitale was not on zoom or on mute for this roll call) All in favor.

VII: AUDIT

Jim Kelley stated that if anybody needed a hard copy, he'd be willing to certainly hand out. The audit that ends June 30th of 2021. This would be Mayor Carбора's first budget. The one we're reviewing now ended on 6/30/20 which would be under Mayor Maturo's Administration and budget. The positive thing about the audit is the finance department and I thank my office staff for their hard work and working with me to finish this up. It was a tough year. The auditor's opinions were all good which means we are doing our jobs. They found no problems with our internal control structure. Normally they do give some recommendations which we have not received yet. It is nice to hear to see where we are at and different recommendations for departments. Standard language saying that they found no problems with the way we were reporting and the numbers we were reporting. At the end of the day we have a deficit of \$1.8 million dollars in that audit. That is a number that I have projected eight or nine months ago so it's right in line. It does bring our fund balance down to 3.2% of the budget. Ideally, we know about the bond rating what we had last year and how it decreased. They Look for it to be at least 5% so we need to work on having a better budgeting process moving forward. Rich DePalma asked what caused the deficit. Jim Keeley stated one of the biggest things were revenues that were in prior budgets that we were never going to receive. They're numbers that we talked about in the past, school construction grant that was \$800,000 which was the old high school and should have never been budgeted. Jim said that when we bond a school building, they will offset and give us money back for the interest. The program itself was done, they give you a schedule and I am not sure where the information came from to put in that \$800,000.00. I didn't get think we were going to get it, we did not get it and we will not get it. The other thing was I believe the circuit braker for \$340,000.00. Right there is \$1.1 million of revenues that were not coming in. On the plus side if you look through the audit, our expenditure, what we had budgeted we're actually 1.8 million dollars in monies that we saved, we were trying to cut back even with Covid-19 situation to try and save the Town money and save the budget but

unfortunately it wasn't enough in the end between property taxes coming up short of in about sort of 1.7 and the intergovernmental revenues we just discussed at 1.1 it was too much to overcome. Rich DePalma stated it could have been a lot worse if we didn't cut those expenses. Jim Keeley agreed. We did spreadsheets and tried to get some reimbursements back in April or somewhere last year. Covid-19 was only a couple months in at that point and my projection was 1.8 and as it carried on it might even be worse than this and go over 2 million and we held back as much as we could to keep the numbers as low as possible and just maintain. On a good note worker's comp numbers have been better and have been getting better over the last few years. Same with the town medical insurance fund, the educational medical insurance fund. If you look at the debt limitation, we still have numbers out there for debt and we will never even come close to reach our debt limitation, so we are fine with our long-term debt. Obviously last year we did incur some more with Honeywell project and that money did come. Jim Kelley stated a couple of departments need to be commended. The Police Department was well within their budget, they returned \$208,000.00. Public Service has been understaffed the last few years and were under budget and the library really went out of their way to get money back for the payback protection program, which unfortunately the Town is unable to get but the library took it upon themselves.

Noreen Clough asked how did the Board of Education do? Jim stated that they spent all their money. We can look at it as a good thing. They spent all their money but I see they put another \$800,000.00 in their medical insurance plan to bring their balance up to \$6.5 million which is a positive because they have a lot of money their available for the next couple of budgets. We got into a little discussion with them a couple of years back saying that we were over-charging and the fund balance was too big for the Town and the BOE. Now they are at the balance themselves with what they considered large. I figured it is a figuring out process and hopefully next year they can scale back and save the Town some money. Noreen also clarified if the BOE put \$800,000.00 into the self- insurance then they had to have money left over to do that. Jim Keeley stated he does not see their side but correct if you put \$800,000.00 in excess then it could have been returned to the Town. Jim stated they can do that but moving forward is that you look and say that there is money there if need be for future budgets where you don't need to put that money in there or you have a year where you put in less money because there is a fund balance to cover it. Rich DePalma asked Jim what is the percentage that they would recommend for medical for that type of fund of their total medical expense. Jim stated it was about 25%. 3 months run off. Which means you have enough money to cover yourself for 3 months' worth of payments. If it were a business and we were to stop business today, you would have enough money to cover the next 3 months of payments.

VIII. Legal Claims

Mike Luzzi stated we are switching over to a different claims review package. My interpretation of this is new lawsuits and frankly the procedure is whether someone has a pot-hole or a mailbox claim or certainly a car accident claim with Police and Fire those notifications quite often come through the Town Clerk's office. We have not had a significant number. We have not had a significant number of pothole claims. The weather was

good for driving so those numbers are not up. Same thing with slip and falls we have not had a great deal of those either. There were not a lot of people out driving. In every snowstorm we have snow being thrown onto individuals' property, so you have your share of those claims and we haven't seen. There's nothing out of the ordinary at all. I think they were maybe 10 or 15 of those very, very minor claims added to the claims packet for the auditors. I see we still have some significant litigation matters. As far as new claims nothing out of the ordinary. We did have an individual rear ending one of our Public Works trucks and they had an unrestrained passenger, an infant in the vehicle. It was a very strange type of accident. Our truck was not at fault at all. We will recover insurance from that individual but I was concerned so we put our excess carrier on notice because we thought the unrestrained child was not going to make it and fortunately not only did the child make it and is doing quite well. So, from a claims standpoint we have not made an extraordinary number of claims. When we go through the budget process I'll give you a pie chart breakdown of claims etc. Rich DePalma asked what the balance in our fund for legal claims is. Jim Keeley stated the self-insurance cash fund is about \$240,000 which is not the ideal amount. Typically, we like to have around one million. It's something we're going to have to work on. So, when you look at fund balance, we project these numbers out just like you do with Worker's Compensation. There is such an uncertainty, so you use a certain percentage. If you look at the number of the audit it's like \$3.2 million to the negative but that's if we lost every case. If there is \$1 million claim they take a percentage so even if it's 20%, which is a very small chance of them ever winning, they book it as it's \$300,000. So that's how you get such a large number. It's never likely to get realized. Michael Luzzi stated we must work on that number. Attorney Luzzi further stated that one of the things that is that you have cases that are 6 or 7 years old. We had a couple of police cases, one settled for a half of million and the other settled for \$125,000. This is after being in federal court for five or six years. One case went all the way up to the second circuit and then won at the trial court letter level and went to the second circuit and it was kicked back and you have to evaluate why circuit kicked it back. Now, I have to evaluate whether it's worth trying to case. There are factors that make you decide on whether or not you want to settle the case.

- IX.** Noreen Clough made a motion to adjourn to executive session with the members of the Board of Finance and Attorney Luzzi. Attorney Luzzi stated to the undersigned clerk that he will provide a new zoom meeting for her to send to all for executive session and then they will adjourn directly out of the executive session. There will be no action taken. Beth Purcell Seconds, all in favor

X. Adjournment

Noreen Clough returned from Executive Session and made a motion to adjourn at 7:45
Beth Purcell seconds. All in favor.

**Board of Finance Clerk
Susan Mauro
January 29, 2021**