

**TOWN OF EAST HAVEN
BOARD OF FINANCE**

SPECIAL MEETING MINUTES FOR APRIL 29, 2020 7:00 P.M. SPECIAL MEETING

Noreen Clough read the following into the record:

Good Evening, my name is Noreen Clough and I am a ranking member of the East Haven Board of Finance.

As is indicated on the preamble to this evening's agenda 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 this Special Meeting from a computer, tablet, or smartphone. Tonight's Special Meeting is taking place remotely via ZOOM. Videoconference links and dial-ins were provided to the public. For those listening, I would ask that you mute your devices if you are able so that we do not get any background noise.

I have one very important reminder for our members, every time someone speaks, you must state your name and title for the record. We must be also careful not to speak over one another and while initially this might seem a bit cumbersome, it is required so that all participants can hear what is being said, and so that we can create a clear record.

Thank you and I'll turn it back over to our Chair Rich DePalma

The East Haven Board of Finance held a Special Meeting on Wednesday, April 29, 2020, at 7:00 P.M. via ZOOM, in order to transact the following:

- I. **Roll Call:**
Mayor Joseph Carfora, Rich DePalma, Noreen Clough, Beth Purcell, Ralph Vitale, Rich Esposito, and Al Purzycki were present. Also present were Jim Keeley, Interim Financial Director, Michael Luzzi, Town Attorney, and Lucille Huelin, Tax Collector.
- II. **Read and Approve Special Meeting Minutes from March 19, 2020.**
Noreen Clough made a motion to accept the Special Meeting Minutes from March 19, 2020, Beth Purcell seconds. All in favor.
- III. **Old Business**
No Old Business

IV. **New Business**
No New Business

V. **Public Comment**
No Public Comment

VI. **Engineering/Public Works**
Refer to the Town Council

To: 01-226-0677 Recycling services \$28,000.00

From: 01-226-0676 Waste Collections \$28,000.00

Noreen Clough made a motion to discuss and refer to the Town Council the Recycling Services and Waste Collection for \$28,000.00. Beth Purcell Seconds

Discussion: Nobody was in attendance from Public Works or Engineering. Al Purzycki was asking if this transfer has to do with the issue of rising recycling costs vs. waste costs. Jim Keeley stated it was a reclassification of expenditures more than anything else. Rich DePalma asked if this would take us to the year end. Jim Keeley stated yes by the estimates it will take us to the year end. Roll call, all in favor, motion carried.

VII. **Tax Suspense List Fiscal Year 2019-2020: Refer to the Town Council**
Total Amount being put into the Suspense Tax Book is \$287,801.73. The following list are the accounts going into suspense:

2013-Personal Property	\$ 244.53
2016-Personal Property	\$ 52,920.25
2017-Personal Property	\$ 47,064.87
2016-Motor Vehicles	\$ 320.55
2017-Motor Vehicles	\$136,375.49
2017-Supplemental Motor Vehicles	\$ 43,592.03
2017-Deceased-Motor Vehicle/Supplemental	\$ 2,863.68
2018-Deceased-Motor Vehicle/Supplemental	\$ 5,420.33

Noreen Clough made a motion to discuss and refer to the Town Council the Tax Suspense List Fiscal Year 2019-2020, Beth Purcell Seconds.

Discussion: Lucille Huelin, Tax Collector explained that the Tax Suspense list is personal property or businesses that have been closed or we cannot locate. The same with motor vehicle and we do the best we can to locate people. We can still collect for 15 years, but it takes it off the book as an asset. Al Purzycki asked what kind of recovery rate we get on this. Lucille Huelin stated automobile is sent to Rossi Law Firm once a year. We tend to get about \$15,000.00 to \$20,000.00 per month in checks from Rossi Law Firm, approximately \$200,000.00 a year. Personal property is a bit more difficult. We have marshals collecting however Lucille Huelin did not have an accurate figure. Ralph Vitale asked how people get

their car registered when up for renewal if they owe taxes. Lucille Huelin stated you cannot register your vehicle without paying the taxes. There are people who go around the system and it happens all the time. Roll call, all in favor, motion carried.

VIII. **Legal: Refer to the Town Council**

To. 01-113-0694 Other Contractual \$25,000.00

From: 01-885-0689 Contingency \$25,000.00

Noreen Clough made a motion to discuss and refer to the Town Council the Legal Fees, Beth Purcell Seconds.

Discussion: Attorney Luzzi stated the depletion of that account really is driven by pending litigation and the need to pay expert witnesses in that litigation whether it is appraisers, etc. The primary driver is One Barberry v. Maturo. The need to transfer the money in and the \$25,000.00 is a direct result of having to engage some additional experts to appropriately defend that lawsuit. Hugh Keefe's firm is handling the defense of that and we have been involved in discussions with the firm so it has been asked by them to get a general projection of what they think additional expert witness costs will be. Attorney Luzzi believes that this is the extent of the amount needed. Attorney Luzzi also stated he did not want to be held to that because as litigation goes, things change. Prior to asking for this transfer Attorney Luzzi discussed with them what he thought they would need. Attorney Luzzi further stated that there are some outstanding bills that push up against \$20,000.00 at this point. Rich DePalma asked whether Attorney Luzzi foresees more legal fees before June 30th. Attorney Luzzi stated he has been trying to chip away at some outstanding legal bills dating back to 2018. There is a significant back balance to Lynch, Traub, Keefe and Errante that we are working our way through. There were some pre-dating labor issues. Attorney Luzzi came back to this item at the end of the meeting to clarify if Rich DePalma was asking if Attorney Luzzi anticipated coming back for additional legal fees. Attorney Luzzi asked Rich DePalma if he was referring to other contractual services or general legal fees to which Rich DePalma stated, "additional transfers." Attorney Luzzi does anticipate coming back for more transfers especially with the back fees for up to \$100,000.00 for Lynch Traub Keefe and Errante and Covid-19 which has created a different element for our legal team. However, with Covid-19 we are identifying any legal work related to Covid-19 to Covid-19 billing and Jim Keeley and Chief Marcarelli is copied on that to be sure it is included in an attempt to be reimbursed.

Roll call, all in favor, motion carried.

IX. **Return Budget to the Mayor with possible recommendations**

Noreen Clough made a motion to discuss and Beth Purcell seconds.

Discussion: Mayor Carfora spoke to the board and stated there are many reasons he is confident in the budget. Mayor Carfora stated that he, along with the residents, were led to believe by the prior administration that East Haven was financially strong. That could not be further from the truth. The prior administration had a habit and a practice of inflating revenues. Mayor Carfora stated he knows this because employees of the prior administration told us prior to their being let go. They also over charged fellow employees for medical benefits and left us with over

\$100,000.00 in unpaid legal fees for legal services that predated the election. All things were left behind at the eleventh hour as well. My administration aggressively dissected the previous budget and proposed a budget request. We went through department requests line by line, we asked tough questions, we made some hard choices and held those responsible accountable for their actions. In the end, through collaboration with all the department heads, we merged some positions and have an accurate revenue report to guide us. That accurate revenue report came from Jim Keeley. We created the budget that is in front of you tonight. This budget does reflect a mill increase of 1.86, bringing the town's mill rate to 34.28 if passed. This increase will cost the average homeowner about \$25.00 more per month. The mill increase is also a result of cutting almost \$5.8 million dollars off the original budget that was presented to me. This reflects an increase of 4 additional police officers and 4 new captain positions in the fire department, something we truly need. Those two departments have not had any positions since the 1980's to meet the proper qualifications that they need to operate efficiently. Approving this budget will be the first step that will allow East Haven to move forward in a direction to be fiscally sound, a safer place to raise your family and improving the lives of our residents. Mayor Carfora thanked his staff members who have helped with this and stated he would never do anything to hurt this Town's economy. He believes it to be a very good budget.

Rich DePalma asked the Mayor if this budget includes two new School Resource Officers (SRO). Mayor Carfora stated there will be one SRO for the high school and one SRO for the middle school. Al Purzycki asked the mayor if there are any legal ramifications regarding the prior administration and the people previously in charge of the budget. Mayor Carfora directed that question to be answered by the legal staff. Mayor Carfora did state there was inflated revenues and they were blatant, and it happened over the last couple of years. Mayor Carfora wants to get this Town back on track and unfortunately this year we are going to have to raise the mill rate to cover that. Mayor Carfora stated last year's budget audit reflected a \$1.2 million dollar hit on our rainy-day fund. Rich DePalma asked Mayor Carfora if we had plans on replenishing that rainy-day fund. The answer is yes. Everything hit us this year, we are dealing with deflated revenues, dealing with a virus that is hurting us and hurting every other town in the state. Mayor Carfora also stated he put his heart and soul in this, did not want to raise mill rate, but had no choice to get this community back on track. Rich DePalma stated it is important to recognize that not only were the revenues inflated but at least two of the revenues no longer existed as far as receiving these funds from the state. Rich DePalma stated the state school construction grant; the high school was paid off over 3 years ago. Jim Keeley confirmed that as well and Jim Keeley added that state aid construction, which last year was budgeted for \$800,000.00, and then the elderly circuit breaker which we no longer get from the state and have not received that in about three years. State aid construction was last collected 17/18. We collected nothing 18/19 and we collected nothing last year and we were not supposed to collect anything. When the schedules first came out, they came from the state and we did have a schedule which showed us where our payments were every year. Jim Keeley did not want to guess where the number came from that was on the budget but the records that he has does not show any payments that were due this year. Mayor Carfora stated those were the numbers that effected the \$1.2 million from last year with the rainy day fund with the audit and those are the same numbers this year with the current budget that we are in. We have to deal with it, fix it and move forward.

Noreen clough stated that on the increase in the spend is that half of this spend is to debt service so \$729,000.00 of \$1.4 million we must keep in mind that is half of what is increasing this. Rich DePalma stated that half of that debt spending is part of the Honeywell project which we

will receive funds. Mayor Carfora confirmed that. Jim Keeley stated for clarification that he would not say half of the spending is Honeywell, but Honeywell payments are included in that number and we will be expecting a good sum of cash to come back through Honeywell. Ralph Vitale asked when we would see the Honeywell money. Jim Keeley stated probably early next year because things have been slowed down a little bit and they have not had a chance to finish the project.

Al Purzycki asked the question to Attorney Luzzi is there are any legal ramifications regarding the falsification of the revenue reports. Attorney Luzzi stated there have been inquiries regarding issues related to the revenue streams and concerns with respect to them. It is being evaluated, and not locally. There are serious concerns that revenues were overstated, and I think it is common sense that if there were documents that were pushed along that were not accurate and people relied on those documents for lending purposes, it would be problematic. This information has been requested and I have passed it along which is my duty. Attorney Luzzi stated that everyone on the Board moves forward on the premises that you are getting accurate information to make reasonable measured decisions. Noreen Clough stated that she understands how tough this was and we must move forward and feels this budget will improve our safety for our residents. One thing we do not want to do is go to state oversight. Noreen Clough made a motion to return the budget back to the mayor as it is, Ralph Vitale seconds. Roll call, all in favor, motion carried.

X. Adjournment

Noreen Clough made a motion to adjourn at 7:32 P.M. Beth Purcell seconds. All in favor.

All in favor, motion carried

Board of Finance Clerk

Susan Mauro

May 1, 2020