

EAST HAVEN TOWN COUNCIL PUBLIC HEARING MINUTES TUESDAY, AUGUST 7, 2012

The public hearing of the East Haven Legislative Town Council was held Tuesday, August 7, 2012 at the East Haven Senior Center located at 91 Taylor Avenue, East Haven, Connecticut.

Chairman Richard Anania calls the meeting to order at 7:00 p.m.

Item # 1

Roll call- 12 present (Purificato –arrived late) 3 absent (Santino, Sand and Cubellotti).

Item # 2

To conduct Public Hearing #1 regarding an Ordinance authorizing the Town of East Haven and the East Haven Board of Education to extend an existing Lease Agreement with GE Capital to fund technology projects for FY 2012-2013 and waiving any bidding requirements associated therewith.

- Randel Osborne and Finance Director Paul Rizza address the Council. Mr. Osborne explains that in the spring of 2000, GE Capital was chosen for a large project equaling \$750,000 used for equipment that was installed throughout the district. It was agreed upon that there would be three annual payments of \$262,000 and at the end of each year the Town would own 1/3 of the equipment. At the end of the three years, East Haven would own all of the equipment. He explains that they then spoke with GE about extending the lease by one year which would allow purchasing of additional equipment and making an additional payment in 2003. This strategy of extending the lease one year has been used since it was approved in 2001 by the Town Council. Mr. Osborne asks the Town council tonight to consider extending the GE Capital lease once again. He states that the rate would be 3.69% which he believes is the lowest rate quoted today.

No public comment.

Council comment:

- Councilman Fred Parlato asks if this should be coming to the Council sooner because by the time it is approved and the paperwork is together the beginning of the school year is here.

- Mr. Osborne responds that he would be happy to present the lease agreement to the Council sooner and it has been done in the past but often the Council wants to be sure that the Board of Education budget is approved before the entering of this agreement. As a result, it ends up being presented after the approval of the budget.
- Councilman Robert Parente asks if GE Capital is the only show in Town or if there is anyone else.
 - Mr. Osborne responds that there are others, but GE Capital has proven to provide the lowest rates. He adds that switching the lease in the middle of the contract when there is equity can be tricky because you then have to buy out the existing lease and then move to another company.
 - Councilman Parente asks if we should be looking for the best rate or the best technology for the students to which Mr. Osborne states that GE allows them to purchase equipment from wherever they chose so that it can be good quality equipment; with this contract they are not locked into just apple products.
- Councilman William Richardson asks if there is a list of equipment that the Town will be getting. Mr. Richardson questions if this is premature to present to the Council without specific documentation about what the Town is receiving.
 - Mr. Osborne explains he is currently negotiating with a variety of vendors to get the best discount for the equipment. He does not have specific list or dollar amount at this time. He needs the commitment from the Council before finalizing with the vendors.
- Councilwoman Beverly Gravino states that she feels Randel is in the business of knowing what the Town needs to ensure they will not get short changed. Ms. Gravino adds that if the Council waits it will take longer to get the amount and school is right around the corner.
- Chairman Anania asks if the price will change from year to year for the lease agreement.
 - Mr. Osborne explains that the payment is the constant and the payment has always been \$260,000 which is an annual payment. What allows a greater or reduced purchasing power is the rate of the lease, a low rate allows for greater purchasing power and if the Town is buying a large number of similar prices, he can negotiate a much better deal.

- Chairman Anania adds this is done every year and it has to be done through the Council because the Town gets the better deal.
- Mr. Rizza explains that the Board issues purchase orders with specific amounts of what is being bought, he states he can bring it back to the Council to show what exactly is being done with the money.

Item #3

Councilman Michael Riolino makes a motion to adjourn Public Hearing #1.

Councilman Paul Carbo seconds the motion.

Voice vote: all in favor- none oppose- none abstain. Motion carries.

Item #4

To conduct Public Hearing #2 regarding an Ordinance authorizing the following transfer at the recommendation of the Board of Finance:

To:	01-167-0972	Retirement – Lump Sum Payment	\$247.880.00
From:	01-886-0001	Fund Balance Contribution	\$247.880.00

- Mr. Rizza explains that this is an end of the year transfer which will cover expenditures to the dollar. There were a massive number of retirees for a number of reasons and they left prior to June 30th. There was a transfer in the past to this account as well; this transfer will clear up the amounts due to retirees. The amount of retirees was close to 16 of around 240 employees so it was a large turnover.

No public comment.

Council comment:

- Councilman Parente asks where the Town stands this fiscal year since this transfer clears up just last year.
 - Mr. Rizza responds that last year the lump sum payment was \$100,000, this year it was increased to \$300,000. He adds that last year it should have been about \$500,000.

Item #5

Councilman Parlato makes a motion to adjourn Public Hearing #2.

Councilman Carbo seconds the motion.

Voice vote: all in favor- none oppose- none abstain. Motion carries.

Item #6

To conduct Public Hearing #3 regarding an Ordinance authorizing the following transfer at the recommendation of the Board of Finance:

To:	01-167-0910	Retirement Fund Contribution	\$364,946.00
From:	01-886-0001	Fund Balance Contribution	\$364,946.00

- Mr. Rizza explains that this transfer is a payment that is made to the State for active employees based on salary. The original budget was understated by about \$300,000. He adds that there was a lot of overtime paid in the budget especially to Police and Fire as well as the increased payment by FEMA. The requirement is to pay 15.5% to Police and Fire and 11.5% to all others.

Public Comment:

- Gene Ruocco- Mr. Ruocco asks how much money is in the fund balance at the end of the fiscal year given revenue and expenditures.
 - Mr. Rizza responds that if these two transfers were taken out of this account, the balance would be \$429,134. If they were not taken out it would be \$1,041,000.

Council comment:

- Councilman Parente states that he would understand the excuse of the first account not knowing when people will retire but there is no excuse on this account. It is known that all of this needs to be paid out.
 - Mr. Rizza explains that both of the accounts, the lump sum payment and what is paid to the State for retirement, were understated from the start. Further, it was known that all contracts were ending June 30, 2011 which in his opinion would cause those close to retirement to retire before that and if you retire prior, on July 1, employees get a rise. In addition, FEMA increased salaries during the hurricane emergency and approximately \$200,000 was not reimbursed for expenses.

- Councilman Michael Riolino asks if this account would be directly affected if departments come to the Council and ask for an increase in overtime.
 - Mr. Rizza explains the salary account and the retirement account would both be affected. He states that the percent is 15.5%.

Item #7

Councilman Parente makes a motion to adjourn Public Hearing #3.

Councilman Parlato seconds the motion.

Voice vote: all in favor- none oppose- none abstain. Motion carries

Item #8

Roll call: 12 present 3 absent (Santino, Sand and Cubellotti).

Item #9

Councilman Riolino makes a motion to recommend action on Public Hearings 1, 2, and 3.

Councilman Gary Depalma seconds the motion.

Roll call: all in favor- none oppose- none abstain. Motion carries.

Item #10

Public Hearing is adjourned at 7:29 p.m.

Respectfully Submitted,

Danelle Feeley, Clerk, East Haven Legislative Town Council