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April 30, 2020 10:30A.M.
DATE TIME
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**TOWN OF EAST HAVEN
TOWN COUNCIL SPECIAL MEETING
Minutes**

The East Haven Town Council held a Special Meeting Wednesday, April 22, 2020, to commence at 7:30 p.m. via ZOOM, in order to transact the following:

Chairman Deko called the meeting to order at 7:34 p.m.

Item #1 Roll Call

Roll Call- 11 present, 3 Absent (Maltese, Hennessey, and Ruggiero) A quorum present. Chairman Deko read the Governor's Executive Orders 7B and 7D this meeting is taking place remotely. He then requested the Pledge of Allegiance and a moment of silence for all those affected by Covid 19.

Staff present and signed into the meeting: Mayor Joseph Carfora, James Keeley, Interim Finance Director, Lucille Heulin, Tax Collector, Michelle Benivenga, Assistant Director of Administration and Management, Purchasing Agent, Katie DePonte, Fire Chief, Matthew Marcarelli, Assistant Fire Chief, Charles Licata, Police Chief, Edward Lennon, Town Attorney, Michael Luzzi, and Assistant Town Attorney, Jennifer Coppola.

Item #2

Vice Chairman Pacelli moved to approve the minutes of the April 7, 2020 Public Hearing and Regular Meeting of the East Haven Town Council.

Councilman Butler second the motion,

Voice vote-All in favor. None opposed. No abstentions.

Approved Unanimously

Item #3

Vice Chairman Pacelli moved to approve the following resolution entitled, "A Resolution, pursuant to the authority granted by Governor Ned Lamont's Executive Order 7C, to adopt an amended Board of Finance Budget Workshop Subcommittee Meeting Schedule and an amended

Town Council Budget Workshops/Public Hearings/Special Meetings Schedule for Fiscal Year 2020-2021 Budget.”

Councilwoman Cesare second the motion.

Inaudible

Chairman Deko indicated that the Workshop Schedules were all attached to the emails. These Workshops will take place via Zoom and each department head will come before the Town Council on their respective scheduled night. As per our Town Charter we will be holding public hearings May 19th. And 20th. A Special Meeting will be held on May 21st. for the adoption of the budget.

Chairman Deko requested the clerk to poll the council for questions.

Councilman Balter asked when the council will receive their budget packets.

Chairman Deko stated he has all the packets ready to go, they will be distributed after the Mayor’s State of the Town Address.

Roll call-All in favor. None opposed. No abstentions.

Motion Carried/Approved Unanimously

Item #4

Vice Chairman Pacelli moved to approve the following resolution entitled, “A Resolution to authorize Mayor Joseph Carfora to execute an “Interlocal Contract for Cooperative Purchasing” with the Houston-Galveston Area Council/H-GAC.”

Councilman Santino second the motion.

Chairman Deko recognized Fire Chief Matt Marcarelli who indicated some time ago discussion took place between Chief Lennon and he to get on board with the Houston Cooperative for approximately 8,000 products and services to choose from. There are 76 towns in Connecticut that utilize the service, which was similar to the state's OPM by piggybacking on the Requirements For Purchase (RFP) that have already been established. It would allow the finance and purchasing departments to forgo the bidding process. Since the state contracts have been scaled back this cooperative allows for the towns to source equipment and services more competitively through a purchase order.

Chairman Deko recognized Police Chief Ed Lennon who didn't have much more to add other than he knew that our neighboring towns North Haven, North Branford, and Madison are all part of this cooperative.

Chairman Deko asked both Chief Lennon and Chief Marcarelli to clarify that there is no cost to the town, we are not paying to be part of the cooperative.

Chief Marcarelli indicated that Chairman Deko was correct, it is a free agreement between the town and H-GAC to go before the council for approval once a year. It just gives us an opportunity to source from them for competitive shopping.

Chairman Deko stated that the town is not committed to purchase from them.

Chief Marcarelli stated that he was correct.

Chairman Deko recognized Katie DePonte who stated that she has been working with the Interim Finance Director, Jim Keeley and is happy to collaborate with the Fire and Police Chiefs to get the town the best products for less and the finance department would still be involved in any purchases.

Councilman Balter stated that they service 76 towns in Connecticut and this is a private company.

Chief Marcarelli stated this more like a COG.

Councilman Balter asked if they would help the town get PPE's.

Chief Marcarelli stated that their sourcing ability is much larger. We have not tried to get PPE's but the buying power is there.

Councilwoman Parlato asked Chairman Deko if the town is allowed to enter into this agreement per our Town Charter because the charter states that the bidding requirements of the charter be satisfied or any state approved bid. Is this approved by the state?

Attorney Luzzi was inaudible and asked Chief Marcarelli to address the question.

Chief Marcarelli stated that most of the items that are on the source list have already been through the RFP or a competitive bid process. Therefore, if we did go out to bid we would be repeating something that was already done upon our review. This would negate us from going out to bid. This is similar to what we would do with a state contract.

Councilwoman Parlato stated she is happy that we found this so the town can get what we need at a reasonable price.

Councilman Ranfone had no questions, just stated whenever possible please buy American.

Councilman Pompano had no questions, he stated great job to the chiefs.

Roll call-All in favor. None opposed. No abstentions.

Motion Carried/Approved Unanimously

Item #5

Vice Chairman Pacelli moved to approve the following resolution entitled, “A Resolution to accept a replacement Quit-Claim Deed executed in connection with the approval of the Valle View Subdivision for recording purposes.”

Councilman Santino second the motion.

Town Attorney Luzzi stated it should say to the replacement of the warranty deed. He explained to the council that this is to correct a warranty deed for a land swap. It predates 2005, this was a Planning and Zoning issue that wasn't filed in house properly, it was for a small sliver of land to be turned over to the Town of East Haven. There was a slight discrepancy in the language of the deed and it's not an issue but it needs to be corrected with Attorney Shields but there was a sum of money left in escrow therefore it needs to be recorded properly and it needs clarification. A letter was sent to Town Engineer Kevin White in November of 2019. I'm requesting the Council to allow Attorney Luzzi to clarify the discrepancy with Attorney Shields and accept the deed for the small parcel of land. The Zoning Official, Christopher Soto reviewed the minutes and record and confirmed it was not completed.

Vice Chairman Pacelli moved to approve the resolution as present by the town attorney.

Councilman Santino second the motion.

Roll call-All in favor. None opposed. No abstentions.

Motion Carried/Approved Unanimously

Item #6

Vice Chairman moved to approve the following resolution entitled, “A Resolution, pursuant to Section 6 of Governor Ned Lamont’s Executive Order 7S, to participate in a deferment and/or low interest rate program and to authorize Mayor Joseph Carfora to certify the program election to the Office of Policy and Management.”

Councilman Santino second the motion.

Attorney Luzzi stated that Jim Keeley and Lucille Huelin the tax collector have worked on this with the Assistant Town Attorney Jennifer Coppola who also represents other municipalities going through the same issues. Governor Lamont as you know, issued a number of executive orders this particular order addresses #6 of his order 7S, which requires municipalities to offer either a deferment or an interest rate program to provide relief on interest accrued for taxes that are late. The deferment amounts to an extended grace period of 3 months of deferment on municipal taxes. The low interest program is essentially just that it lowers the interest on unpaid taxes for 3 months by reducing the interest rate .25 %. There is no extended grace under this program but you would get a lower interest rate on the unpaid portion of the taxes and taxpayers would not have to prove eligibility. Financial institutions that hold the taxes in escrow would not be eligible for this program; they will have to remit payment of taxes on time. This is a program that ultimately had to be decided upon by the interim Finance Director and the Tax

Collector. They had to take into consideration finances of the town and as you can imagine revenues our way down. This pandemic has had a significant impact on this community as well as others financially. He further thanked Tax Collector Lucille Huelin and Finance Director Jim Keeley for their strong analysis of the program.

Chairman Deko recognized Lucille Huelin, Tax Collector who stated the town has decided to do the low interest not the deferment for 3 months. The Finance Director and Tax Collector recommend the low interest plan to the council for approval because that is going to help the people who need it the most and if we recommended the deferment it would damage the town's finances.

Chairman Deko asked who would be responsible for managing the low interest rate on unpaid balances.

Lucille Huelin stated as the Tax Collector she would be responsible.

Chairman Deko recognized Jim Keeley, Interim Finance Director *Inaudible*. The town needs the cash flow we realized we all want to do the best for the taxpayers. He did the calculations and if we choose the tax deferment after last year's loss it brings our balance down to \$4.6 Million. *Inaudible*. In August we have \$2 Million in bond payments due. If we deferred for 3 months our expenditures are roughly \$19 Million. So the town does not have the cash to support deferment of tax at this time and we do not have \$19 Million dollars we don't have that kind of cash flow. We did look at TANs which are Tax Anticipation Notes and after speaking with the underwriters and attorneys we asked if we deferred and the town borrowed money how much would it cost the town. The answer to that question was \$567,000.00. If we were to borrow money with our tax base we would then have to increase taxes .34 mills to make up that money. If we borrow money and defer it would cost the taxpayer more than the low interest.

Chairman Deko recognized Councilwoman Glassman who thanked Chairman Deko, Jim Kelly and Councilman Balter for speaking with her this afternoon on this issue. Her concern is if the town could do both programs to benefit the residents. Possibly the town could create a plan for those who have seen a 20% decrease in their household income or whatever other criteria the council would approve along with the Finance Director, Tax Collector, and Attorneys.

Jim Keeley stated that he is going to refer the question to the Town Attorney because this has to be decided by April 25th. He believes that some type of deferment or program to help the resident can be looked into aside from what is being proposed at this time. He would have to work with Lucille the Tax Collector to come up with some type of relief.

Attorney Luzzi indicated he understands the concerns but the difficulties to run two programs and determine eligibility is extremely difficult and burdensome from an administrative standpoint. I think running both programs would end up that everyone would qualify, she would have to review every taxpayer on an individual basis. This kind of undertaking would be unbelievably difficult.

Councilwoman Glassman stated she understands and doesn't want to create any burden on the staff while everyone is working remotely. That being said, can't we create a program where the onus would be on the taxpayer and business to apply for relief then the onus isn't on the Tax Collector and her staff. *Inaudible*. I think there are some resident taxpayers who are having difficulty at this time and simply will not be able to make those pay now. She cannot accept at this time the answer is a hard no and put the onus on the resident to qualify.

Attorney Luzzi stated with any deferment you cannot take advantage of the lower interest rate. Assistant Town Attorney, Jennifer Coppola has worked very hard to understand how these programs work and how they affect the town.

Attorney Coppola stated that she has been working with a lot of towns and neighboring towns and that have gone with the deferment option. She wanted to ascertain, to you, firmly that this is not a regional decision, it should strictly be decided upon by the individual fiscal circumstance of your town. She stated that she is not giving legal advice but her own opinion based on the information from the Finance Director that the town has expenses of \$19 Million and the town has no cash on hand to cover that deferment program becomes very unpalatable. In the past few weeks she has spent a lot of time listening to first selectman meetings and town council meetings where this has been discussed, all municipalities are in the same boat. The only town that she is aware of that has chosen both is the Town of Cheshire. There are a variety of reasons for choosing between the two programs, but the discussions that are most appropriate are those that have included the fiscal analysis. We have to look at the possibility if those escrow agents decide they can't pay out the funds for taxes. What if the town has debt service obligations or other obligations where you are required to maintain a certain cash balance then the town could possibly be in violation of those obligations. She didn't hear anything about the unappropriated fund balance, for some towns that are rich and have a very significant unappropriated fund balance they also have a very significant liquid asset base. You have to consider the impact going forward on the town for example if the Recreation Department brings in substantial funds during the summer month this will now be affected. Remember teachers go back to school in the fall, maybe, and we don't have a crystal ball so if there is another peak in the fall of this virus with the deferment what if they can't pay then either. All of these factor into your decision; you have expenditures, you don't have a healthy fund balance or liquid assets, there are a lot of issues that are of concern. That is why the low interest rate program is best suited. *Inaudible*.

The town is going from an 18% to 3% interest in that 3 month window but if you choose deferment you put your tax collector in the position and burden of having to review all eligibility criteria supporting their eligibility as taxpayers. The only way to utilize the deferment program is to review everyone's eligibility individually because the town is at risk.

Councilwoman Glassman clarified that she is not advocating against the low interest rate program; it makes a lot of sense and gives some relief to our taxpayers while still generating the necessary revenue to our general fund in town. Her issue is the push back on a deferment program only by putting the onus of eligibility on the taxpayer. With all due respect to the tax collector she is aware of how much work is being done but I still don't believe that administratively is a good enough reason not to have another program for relief because some people are really struggling. As a Council the onus is us to provide relief with criteria that is very clear and specific to apply for deferment.

Attorney Luzzi indicated administrative work is not the only reason not to choose deferment. Jim Keeley gave us the most significant reason that the town is not fiscally solvent. From a financial aspect, we find ourselves where we find ourselves. We are in this position from what has occurred in the past which forces us to make these decisions.

Attorney Coppola stated Jim Kelly mentioned TANS if we were to go the deferment route. The thing with TANS is the additional cost to the town and the ability to receive them is not a sure thing if the market would purchase the notes.

Councilwoman Glassman stated that in no way was she trying to disrespect your position but I was looking to find a way for those who need further relief at this time and we don't know what the impact will be. I would like to look into some type of process as well as the low interest, which I do support.

Attorney Luzzi understands completely of her concerns.

Councilman Balter thanked both the Finance Director and the Tax Collector for the detailed memo supporting the lower interest rate on unpaid taxes and the additional programs and your reasons for your recommendation. He asked if the State has released the criteria when applying for the low interest.

Attorney Coppola indicated that the state does not have a criteria just simply reducing the amount of interest.

Chairman Deko indicated anyone who is late or unpaid are automatically enrolled in the program.

Councilman Balter stated he spoke to Jim Keeley earlier in the day and wanted to make sure he understands this correctly. In order to cover a loan and to meet our expenses if we deferred everything for 3 months and the towns took out a loan it would cost the town over a half a million dollars to pay back. By your calculations we would have drastic budget cuts in other areas then we would have to have a mill rate increase of .34 mills to cover the cost of that loan. The town is cash strapped at this time and we also discussed that if someone had a tax bill of \$3,000 it would increase about \$23 if we increase the mill rate.

Jim Keeley, Interim Finance Director stated there are no requirements for the lower interest rate.

Councilman Balter indicated that he spoke with Councilwoman Glassman earlier in the day and he also has great concerns for those that have been financially burdened by this pandemic. This must be decided tonight because of time constraints.

Attorney Luzzi agreed with Councilman Balter and added that the low interest rate on the unpaid taxes is for everyone across the board except for landlords. With deferment they don't get the benefit of the lower rate of interest.

Councilman Balter understands that there is nothing preventing us from creating some type of program in the future for hardship and we have time to work on that.

Attorney Luzzi stated that if someone should utilize the 3 month deferment they would still be charged the 18% interest on the unpaid portion.

Chairman Deko recognized Councilwoman Cesare asked in an extreme circumstance where a person just cannot pay or could there be a forbearance plan put into effect. This low interest is for residences and business for those that can't pay on time.

Attorney Luzzi stated that those were the two plans put into the Executive Order. With respect to those who just cannot pay the tax collector effectively works out some kind of payment plan.

Lucille Huelin, Tax Collector indicated that the program is ready to be instituted as soon as tomorrow by the town's vendor.

Vice Chairman Pacelli noted a great job by Jim Keeley and Lucille. He understands where Councilman Balter and Glassman are coming from, but the town was left in financial disarray and he believes the low interest rate is the best way to go at this time maybe we could look at something else in the future. We can only work with the finances we have at this time.

Councilwoman Parlato stated she does agree with Councilman Baltera and Glassman but will support the recommendation of the Finance Director and Tax Collector.

Councilman Pompano wanted to clarify that this lower interest rate applies to the portion and/or taxes that have been unpaid during those 3 months starting April 1, 2020.

Lucille Huelin, Tax Collector stated yes only on the delinquent portion will be adjusted.

Vice Chairman Pacelli moved to approve the low interest rate program as outlined in the Governor's Executive Order on the unpaid taxes due from April 1, 2020 to June 30, 2020 as recommended by the Finance Director and Tax Collector and authorize Mayor Joseph Carfora to sign.

Councilwoman Cesare second the motion.

Roll call-All in favor. None opposed. No abstentions.

Motion Carried/Approved Unanimously

Councilwoman Cesare moved to adjourn.

Councilwoman Glassman second the motion.

Voice vote-all in favor. None opposed. No abstentions.

Meeting adjourned at 9:05 p.m.

Respectfully submitted,

Roberta A. DeLuca
Town Council Clerk