

**BOARD OF FINANCE
DRAFT MINUTES OF MONTHLY MEETING
JANUARY 6, 2015**

The Regular Monthly Meeting of the Board of Finance was held on Tuesday, January 6, 2015 at 7:30 p.m. in Seminar Room 300, Board of Education Administrative Offices, 501 Kings Highway East, Fairfield, Connecticut.

MEMBERS PRESENT

David Becker, James Brown, Thomas Flynn, Tara Cook-Littman, Mary LeClerc, John Mitola, Robert Stone, James Walsh

MEMBERS ABSENT

Christopher DeWitt

ALSO PRESENT

Michael Tetreau, First Selectman, Town of Fairfield
Kevin Kiley, Board of Selectman, Town of Fairfield
Robert Mayer, Chief Fiscal Officer, Town of Fairfield
Caitlin Bosse, Controller, Town of Fairfield and Clerk of the Board of Finance
Joe Michelangelo, Director, Department of Public Works, Town of Fairfield
Gerry Lombardo, Director, Department of Parks and Recreation, Town of Fairfield
James Bradley, Chairman, Penfield Building Committee (PBC)

ACTION TAKEN:

- Approved the minutes of the Quarterly Meeting of the Board of Finance held on November 18, 2014 as amended. Motion carried with a vote of 6 yeas, 0 nays, 2 abstentions (Cook-Littman, Mitola).
- Approved the minutes of the Regular Meeting of the Board of Finance held on December 2, 2014 as amended. Motion carried with a vote of 6 yeas, 0 nays, 2 abstentions (Cook-Littman, Mitola).
- Approved the bond resolution appropriating funds for the repair of Penfield Pavilion and authorizing the issuance of bonds to finance such appropriation to a vote. Motion carried with a vote of 6 yeas, 1 nay (Becker), 0 abstentions.
- Approved to move the date of the February Regular Meeting of the Board of Finance from Tuesday, February 3, 2015 to Thursday, February 5, 2015. Motion carried unanimously.

Chairman Flynn called the meeting to order at 7:36 p.m.

Mr. Kiley led the Pledge of Allegiance.

Chairman Flynn asked for a moment of silence in remembrance of all those who were lost to us in 2014. Chairman Flynn then welcomed new members Tara Cook-Littman and John Mitola to the Board.

AGENDA

1. To approve the minutes:
Quarterly Meeting of the Board of Finance from November 18, 2014
Regular Meeting of the Board of Finance from December 2, 2014

Mr. Brown moved and Mr. Walsh seconded to approve the minutes of the Quarterly Meeting of the Board of Finance held on November 18, 2014 as amended. Motion carried with a vote of 6 years, 0 nays, 2 abstentions (Cook-Littman, Mitola).

Mr. Brown moved and Mr. Walsh seconded to approve the minutes of the Regular Meeting of the Board of Finance held on December 2, 2014 as amended. Motion carried with a vote of 6 years, 0 nays, 2 abstentions (Cook-Littman, Mitola).

2. To hear, consider and adopt a bond resolution appropriating funds for the repair of Penfield Pavilion and authorizing the issuance of bonds to finance such appropriation.

Mr. Walsh moved and Mr. Brown seconded to move this item for discussion.

Mr. Flynn noted that there were 3 follow-up items to be discussed:

- FEMA updates
- Flood and Erosion Control Board updates
- Clarification of Option 9, square foot costs
- Mr. Bradley presented this item to the Board.

Mr. Bradley presented this item to the Board.

Clarification of Option 9 square foot costs

Mr. Bradley informed the Board that the PBC met on December 3, 2014 and they reviewed the document containing the square foot cost analysis. Mr. Bradley reviewed the Summary Sheet handout with the Board. Mr. Bradley cautioned the Board to use the square foot data for informational purposes only, not for comparison purposes.

Mr. Bradley informed the Board that he asked George Wiles, the architect on the original Penfield renovation project, to look at Option 9 and Mr. Wiles agreed to develop a schematic design at no cost to the Town. Mr. Bradley stated that the PBC developed costs based on a similar project at the Country Club of Fairfield beach facility using information provided by the construction manager from that project.

Flood and Erosion Control Board updates

Mr. Mayer informed the Board that the Town has received a Community Development Block Grant (CDBG) for work to be done around the building for flood mitigation and erosion control in the amount of \$300,000 with a \$75,000 Town match.

FEMA updates

Mr. Mayer informed the Board that the Town has not received any new FEMA information.

In response to a question from Mr. Brown to explain the Benefit Cost Analysis (BCA), Mr. Mayer explained that if costs change, FEMA could approve mitigation changes beyond the 50% rule. Mr.

Mayer further explained that 30 – 60 days is the expected response time from FEMA; so far it has been 30 days and the Town is optimistic a response will be received by the 60 day expected time frame.

Mr. Mayer then reviewed the handout regarding costs for Options 7 & 7A. Mr. Mayer noted that the information on page 5 of the handout is in essence the same as Option 7 from the previous page. Mr. Mayer also noted that Option 7 could be classified by FEMA as repair/replace or it could be classified as new construction. Mr. Mayer also noted that the project cost appearing on page 5 of the handout was developed by FEMA, not PBC and no CDBG money is shown there because that money is not in the \$4,588,000 figure.

Mr. Lombardo then reviewed the numbers for both options specified on page 7 of the handout. Mr. Lombardo reported that his estimates were based on prior year experience. Mr. Lombardo noted that estimates were for 160 rentals with 30 new ones added yearly. Mr. Lombardo also reported that expenses are based on all employees being seasonal.

Mr. Mayer, in response to a question from Mr. Walsh, reported that the analysis was done for 20 years out due to the length of the debt repayment. Mr. Mayer also explained the difference in the numbers presented today versus the numbers presented at the December BOF meeting are due to the new CDBG funds and an error in a formula but the Bond Resolution numbers are the same as was approved by the Board of Selectmen.

Mr. Mayer then explained the handout for the breakdown of costs probability for repair/replace for the highest FEMA reimbursement probability as follows:

- In kind repair/replace
- All work below the 1st floor
- Site work not part of actual building (this is less certain to be FEMA reimbursed)

Mr. Mayer indicated to the Board that about \$867,000 could be ineligible for FEMA.

Mr. Michelangelo explained the process he used to calculate possible ineligible items structured by the 3 categories as mentioned above. Mr. Michelangelo reported that the analysis was done only for Option 7A due to time constraints.

Mr. Mayer stated that he has a high level of confidence that this will prove to be the Town's obligation.

Mr. Michelangelo explained that Option 7 is the most risky due to the possibility that FEMA could consider this an *alternate* project which would change the basis for reimbursement resulting in a loss of reimbursement money to the Town.

Mr. Mayer reported that the Town is working diligently to satisfy the 50% rule, meaning there should be no ineligible costs for Option 7A. Mr. Mayer also reported that the Town's FEMA consultant feels strongly that the Town can meet the 50% rule.

Mr. Walsh again requested that the Town provide the members of the BOF any new/changed information to be discussed at least several days prior to the meeting as has been the recommended procedure for several years now. Mr. Walsh stated that receiving new/changed information at the meeting when the information is scheduled to be discussed does not allow the members of the BOF to adequately review the information to allow for an in-depth discussion.

Mr. Mayer, in response to a question from Mr. Brown regarding when the Town might be made aware of the amount of money FEMA would be reimbursing the Town, reported that, according to his understanding of the process, once the Town votes on an option FEMA will then move along with their deliberations. Mr. Mayer also indicated that he expects to know the attitude of FEMA as to whether we will satisfy the 50% rule within the next 30 days. In response to a question from Mr. Mitola regarding other municipalities also experiencing the same situation, Mr. Mayer responded that he is not aware of any other municipalities at this point but all of his efforts have been focused on meeting FEMA's 50% rule for maximum reimbursement potential for the Town.

Mr. Flynn noted that since the Town will probably not receive any hard and fast information from FEMA until the project is started, he would be interested to know what concerns Mr. Mayer and Mr. Michelangelo feel that the Town's FEMA consultant doesn't feel quite as much. Mr. Mayer stated that after going through the most recent exercise to be more confident in the validity of the numbers, both he and Mr. Michelangelo are more than 90% confident in the estimates.

Mr. Flynn recapped the current status:

- No new FEMA information
- Better costs for Option 9
- Updated economic analysis
- Flood and Erosion Control Board plan status

Mr. Tetreau informed the Board that the Flood and Erosion Control Board will be presenting their plans at the next BOS meeting. Mr. Michelangelo informed the Board that he has some information on the FECB plan to raise the barriers from 8' to 12' but the PBC plan will not conflict with the FECB plan which could cost between \$30M - \$40M and take years to implement.

PUBLIC COMMENT

Jan Reber, 85 Beaumont Street

See attached addendum comments.

David McKenzie, RTM District 3

Thanked everyone for their hard work

He sees 4 areas of concern:

- Building costs for all options
- Cash flow
- FEMA reimbursements
- What does taxpayer need and want?

Does a 30,000 square foot building contribute to the look of Fairfield?

Do it right and take the time

Must be in a simpler form when coming before the RTM

Bud Morton, Sasco Hill Road

We need basic services on the beach such as life guards, bathrooms, a concession stand, etc. but do we want to spend over \$2M to build a banquet hall on Fairfield Beach?

Do residents want a new banquet hall? Response has been no

Town needs a new IT system more than a banquet hall.

BOARD COMMENTS

Robert Stone

The pavilion has been there for over 100 years and residents knew that all along; people recognize that pavilion as Fairfield; not to rebuild would be a big mistake.

John Mitola

Agrees with Mr. Stone; the pavilion has been a part of this town his entire life; it adds value to the town; he is ready to move forward with this project.

James Walsh

This facility opened 3 years ago; the decision to have that pavilion was made a long time ago; it is a landmark in town now; that beach sells this town to potential buyers; he would like to have what we had 3 years ago but being a fiscal conservative brought forth some concerns for him; after further discussions and debate, he now feels that Option 7A is the best option to bring

forward and he will support that option; he feels the Town should take advantage of any FEMA and CDBG funds made available.

James Brown

He is in complete agreement with Mr. Walsh; who will be the owners rep?; Mr. Bradley stated that a rep has not been determined yet but, in his opinion, it would be a good idea to have one.

Thomas Flynn

Discussions on the need for a banquet hall were had when the building was being renovated 3 years ago; it is not a BOF function to determine which services should be provided; the process has already taken way too much time; the New Jersey boardwalk has already been torn down and completely rebuilt.

Mr. Walsh moved and Mr. Becker seconded to bring the bond resolution appropriating funds for the repair of Penfield Pavilion and authorizing the issuance of bonds to finance such appropriation to a vote.

Motion carried with a vote of 6 yeas, 1 nay (Becker), 0 abstentions.

3. To hear a status on software licenses from the Chief Fiscal Officer.

Mr. Mayer presented this item to the Board.

Mr. Mayer stated that the Town does not have a clear inventory of what software licenses the Town has. The auditors will review the compliance with the software licenses.

Mr. Flynn asked if the BOE has done this kind of inventory but Mr. Mayer was not aware if they had so Mr. Flynn will follow-up with the BOE on this item.

4. To hear, consider and act upon any communications.

Mr. Flynn informed the Board that there will be several lengthy items coming up in February such as the Non-Recurring Capital Budget, the audit review, discussion on finding a new Clerk of the Board of Finance due to Mrs. Bosse not being able to continue in that position and school project discussions. Mr. Flynn also reported that the BOS may need to have a couple of meetings in February, one being February 3rd, so Mr. Flynn asked the Board if they would be agreeable to changing the BOF meeting date to Thursday, February 5, 2015. After a short discussion, it was agreed to change the date as requested.

Mr. Flynn moved and Mr. Brown seconded to move the date of the February Regular Meeting of the Board of Finance from Tuesday, February 3, 2015 to Thursday, February 5, 2015. Motion carried unanimously.

On a motion made by Mrs. Cook-Littman and seconded by Mr. Mitola, the meeting was adjourned at 10:31 p.m.

Respectfully submitted,

Deborah J. Garavel
Recording Secretary

Addendum

Statement of Jan Reber during Public Comment on Agenda Item #2.

01-06-15

We do not have new FEMA data.

We do not have new Flood and Erosion Control Board data

The per square foot chart was still changing as of early afternoon and has not been subjected to public scrutiny or even discussion by the entire PBC.

The minutes from your Dec. 2, 2014 meeting state:

“Chairman Flynn asked for a follow-up regarding Option 9, in terms of costs, FEMA reimbursement and the vote on the cost letter from the Flood and Erosion Commission, which will be heard on December 17th. Mr. Walsh asked for accuracy, that the Board is provided with updated numbers/changes, as discussed for their following meeting on January 6th.”

Have Chairman Flynn’s requests been fulfilled? If not, do you really have a basis for voting on this expensive project?

We asked the PBC to cost out an additional option we called 9A which added the locker area to Option 9. The PBC refused to spend the money to cost out this option. Should you approve Option 7A, we’ll make our case to the RTM and ask them why there has been an unwillingness to develop a cost comparison for 9A.

If you are going to approve Option 7A tonite, I think it is evident that you are doing so with a willingness for the Town to spend millions on this project since no one tonite can closely qualify what the cost to the Town will ultimately be.

I’d like to conclude by quoting from a December 2 New York Times article on cost overruns at the World Trade Center transit hub. The station is now projected to cost over \$4 billion and has missed its 2009 opening date by many years.

“Even the Port Authority of New York and New Jersey, which is developing and building the hub, conceded that it would have made other choices had it known 10 years ago what it knows now. We would not today prioritize spending \$3.7 billion on the transit hub over other significant infrastructure needs,” Patrick J. Foye, the authority’s executive director, said in October.”

How did this fiasco happen: “The hub is a project driven by institutional ambition, and once begun, the decisions that have made it so costly become irreversible.”

That is what we face here in Fairfield. A frivolous boondoggle banquet hall on the beach fueled by misplaced institutional ambition and momentum to get something done and funded without adequate consideration of other infrastructure needs such as eliminating portable classrooms. Also without consideration of Fairfield’s debt and the long term implications of that debt.

Board of Finance
DRAFT Minutes of Regular Monthly Meeting January 6, 2015

01-06-15

Jan R. Reber
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