



BOARD OF ALDERMEN
SHELTON, CONNECTICUT
FINANCE COMMITTEE – FEBRUARY 24, 2009

Call to Order / Pledge of Allegiance

Alderman Stanley Kudej, Chairman, called the meeting to order at approximately 8 p.m., immediately following two Public Hearings and a Special Meeting of the full Board of Aldermen.

Roll Call - Finance Committee

Alderman Stanley Kudej, Chairman, present
Aldermanic President John F. Anglace, Jr. - present
Alderman Anthony Simonetti – present

Others present:

Alderman John Papa

Alderman Jack Finn

Alderman Eric McPherson

Apportionment and Taxation Member Judson Crawford

Public Session

Alderman Kudej asked if any member of the public wished to address the committee. Being none, he declared the public session closed.

1. Approval of Minutes

Alderman Anglace MOVED to waive the reading and approve the minutes of the Finance Committee meeting of January 27, 2009; SECONDED by Alderman Simonetti. A voice vote was taken and the MOTION PASSED 3-0.

2. March Statutory Refunds

Alderman Simonetti MOVED to recommend to the Full Board that the report of the Tax Collector relative to the refund of taxes for a total amount of \$7,236.76 be approved and that the Finance Director be directed to make payments in accordance with the certified list received from the tax collector with funds to come from the Statutory Refunds Account 001-0000-311.13.00; SECONDED by Alderman Anglace. A voice vote was taken and the MOTION PASSED 3-0.

3. Electrical Energy Presentation

Gene Sullivan, Purchasing Agent

I've asked this evening to have Anthony Merola and Kevin Maloney, both of the Connecticut Conference of Municipalities, to come here this evening to let us know and educate us as to how they can save us money on electricity, both on the municipal side and the Board of Education side. They're here to do a presentation and answer any questions we may have.

Mr. Merola stated, we took the opportunity to print out what will be shown. There's a lot of great information about history and how we have done what we've done. We have done this for a little more than 120 cities, town, school districts and LPAs in Connecticut in 2007 and 2008. We saved them \$7.5 million. If you annualize the contracts that began in 2008, the total actually rises to \$8.5 million. When I say savings, I mean compared with the cost of electricity from the utility company that you default to, basically, called standard service or last resort service. We saved those participants \$8.5 million.

There's no secret to what we do. We do it in a well-planned, strategic way. To start the program, we went to an RFP process to select a company called Bay State Consultants to help us with this program. They deserve a lot of the credit. They're attorneys with expertise in this area. Unlike a lot of programs that simply dangle a price in front of your eyes, we start with the contract you'll have to sign. There are a lot of things in these contracts that aren't the easiest to understand. I happen to be an attorney; contracts are what I do for CCM. We have negotiated some very favorable contracts; contracts that we feel

comfortable presenting to our CCM member cities and towns. That's step one in the process. Step two is going out to market for you. What we do is we force multiple suppliers to compete for your business. Compete to offer you the best contract that they're willing to offer, compete to offer you the best price they're willing to offer. That's why we've gotten the results that we've gotten. I don't want to point any fingers anywhere, but Shelton Schools joined an alternate program. That alternate program wound up costing Shelton more than they would have paid had they remained with the utility company. The reason is simple. They signed a contract that really wasn't favorable to them. When you can included all the pass through charges, those charges above and beyond the base rate in the contract, we've been told by others who have left that program and joined ours that the rate they were paying is about 12.5 cents per KWH.

If you go to the end of the presentation, page 10, I've put together what basically it would mean for Shelton using the most recent example we have, which, we were in the market the end of January. Average pricing for the end of January is 10.2 cents. Take the difference between the 12.5 and the 10.2 cents, multiply that simply by the total KWH that Gene was kind enough to provide, you come up with some big numbers. Whether it's 2 cents per KWH or even 1 cent per KWH, we're talking six figures. If it's 2 cents, we can save the City \$130,000. If it's 1 cent, then it's \$65,000. But compared to what the utility companies are offering today and compared to what the program was that the schools had joined, we can do much, much better.

Energy markets are absolutely fantastic now. They're at starkly low levels. We have encouraged folks to get into that market today. We can start a contract almost at any time. If you happen to have a contract that expires in June 2009, November 2009, January 2010, we can arrange a new contract to begin whenever your current contract ends. Believe me, you'll do a lot better under a CCM-negotiated contract and in this energy market. That's where we are. These are the numbers, like I said. We've had folks come in our program who've reported where they were and a couple of them have already gone through the process; they already have contracts through our program replacing these resisting contracts, when I say replacing I mean they start where those contracts leave off.

Alderman Anglace stated, you're talking municipality only at this point, but Kevin pointed out earlier, the savings, the Board of Education can come into this as well.

Mr. Maloney replied, correct. We reference those at the top of page 5 in the slide.

Mr. Merola continued, if the City and the Board of Education can join together, even if the City and the Board of Education had two different contracts with two different end dates, we can do one contract for both with two different start dates. You get a slight advantage to join together. I'm not saying it's a dramatic thing; don't think of electricity as a bulk purchase; it's not. Electricity is bought and sold when it's produced. The most expensive power is daytime power. So if you take more and more expensive power and lump it together, the price isn't going to tremendously improve. What happens with the municipality and the school district is, typically schools use less power in the summertime, typically lots of the schools are closed. Municipalities, especially a city, often have streetlight low. You marry those two things together, you have a nice low profile. Benefits both to work together. It's not a necessity. We've had schools come into the program independent of their municipalities, and vice versa. We've even had LPAs come into the program independent of their municipality. It's not a requirement; it's certainly something that I think you should explore if you can.

Mr. Sullivan stated, I had a question when I met with Anthony about a month ago in my office, and I had asked. Because the Board of Education is now going with Constellation Energy I believe for two years. I asked Anthony at that time, well, if the City, municipal side, signs a contract, can the Board of Education piggyback two years down the road. And his answer to me is, yes. So we can lock in today and the Board of Education can benefit from that price two years down the road.

Mr. Merola stated, it's a futures market. You can go out a lot further for electricity than you can for natural gas.

Mr. Maloney stated, give them a sense of where towns are going in terms of the length of a contract, because that's important.

Mr. Merola explained, what we do, we go through the market for you and get pricing for one, two, three, four and five years. We'll make a recommendation but the choice is yours. Eighty percent of the folks in the program have gone for a five-year contract. Because they're smart, they know where energy prices are going over the long haul. If anyone believes that the gas price is going to remain where it is today, I don't. We've had things at the Capitol that, the oil crisis and how we're getting to the point that we're producing as much oil as the planet can possibly produce. At some point we're going to have to talk about rationing and all kinds of wonderful things. In terms of energy, go to the Energy Information Association, you could see the short term and the long term outlook. Not pretty pictures. You're going to see this going on in the very short term. You look 12 months in and you're going to see a lot of volatility, you look beyond that where we're going to be putting you in terms of those markets, it's that nice steady rise going out to the future.

Alderman Kudej stated, I wish I had a little more time this afternoon, but I had the TV on this afternoon watching the debate up in Hartford, and this is what they were debating. There's a couple bills up there on electricity. They had people from Con Edison, Levco and a whole bunch of people, and they were talking about eliminating some of this stuff and consolidating some of this. I didn't catch it all. I want to know how all this is going to interact with this. They had a bunch of people, all afternoon, talking about electrical energy here in Connecticut. I mean, you're selling us something here and I'm wondering whether you guys have something over them or they have something over you.

Mr. Merola stated, the easy answer to that question is the State has restructured, the State has deregulated. It's not going back. Utility companies have sold their generating assets. They are not going to buy them back under any circumstances. The utility companies may be allowed to produce some power to help the peak load requirements, peaking plants. That's about it. We are where we are. A lot of the things, for instance the \$91,000 you might get for the school construction project, that's a result of deregulation. I don't want to debate deregulation, but basically what you have is UI and CL&P going out to the market in a very structured way to get power for anyone who wants it. A good example of that is, if you look at page 2 at the bottom. A little history of where we have come from in Connecticut. Look at just the one year, 2006, you're going to see a jump of 42 percent. What that means is that the generation part of your bill, if you're a CL&P

customer, CL&P prices went up 42 percent. Why? CL&P went to the market the day after Katrina hit. They got slammed. They needed to have the power in place to have new rates in place for January 1. We all bit the bullet on that because of the way that they are structured. We don't have that. We are basically in the market every month. If we don't like the pricing in a month, we'll tell you to hold off until the next time we think the pricing is going to be better. We've done that actually off, there are times when we go in first time out of the box, great pricing and we think you should do it. Um, it's rare that you have a participant who second guesses us, simply because the folks that we work with, this is what they do when they wake up. I'm not that person; I'm a good attorney but I don't live, eat and breathe this stuff, but we work with folks who do. On the other hand, it has often been the case that you can start saving from day one if you're on the utility company supply and going into the marketplace.

Alderman Kudej stated, it sounds good as long as what they're doing in Hartford doesn't impact this thing. I know that, like I said, I wish I would have had more time to sit in front of the TV, you know, I was walking back and forth. UI, CL&P, Levco, Con Edison, everybody talking about some bills that are proposed that you're not going to be able to switch around, or can you switch around, whatever the heck it was.

Mr. Merola stated, the most recent history on the switching is, it used to be that if you went back to the utility company you had to remain there for a certain amount of time, and if you wanted standard service or last resort, six months or 12 months; that's gone. Basically they've taken away those requirements. Some of the discussion is what's going to happen to the millions of dollars that are set aside to do energy efficiency. That nice kitty was raided a while back for other purposes. One of the things that I certainly wouldn't like to see is that to occur again. That money is ratepayer money. It's paid to do certain things; really to help the long run. You know, a dollar of energy efficiency goes a long way towards reducing a lot of the problems we have in Connecticut in terms of congestion. I think that's part of the discussion that's up there.

Alderman Kudej stated, as far as I'm concerned, anything that will save us money is a great deal. I don't know what they're talking about up there. There's a bunch of bills, they were talking, you know, not one

bill, there were like two or three bills that they were talking about, and it was all electrical suppliers.

Mr. Maloney stated, Andy's been doing this with us since 2003-2004 and he was going around and met with a lot of counsels and the one thing that is both very good but then sort of upsetting too is that Andy knows so much and he's more than willing to spread his knowledge, and not generally or just for the benefit of CCM or CCM managing. If there were good things happening, he would tell you. He's good as a resource just if you guys are trying to make some decisions, even if they're independent of CCM. He knows a lot and he's probably been the most objective sharer of information on the electric front and deregulation. He's been very good in that respect. A lot of people would come in and just try to sell you. He's going to be very honest. If we have a better deal, he's going to tell you. He's going to say, "There are other people out there who have deals as good." He's been extraordinarily honest and objective in every town we've been in, which, and you know, we've all sat there listening to presentations by vendors. I'm telling you, you don't get that all the time.

Alderman Anglace stated, as you know, Kevin Maloney has been here before and has made many presentations to us about joining CCM over the years. We have never been receptive, but we're at a point where the economy this year and every other year, you know, you need to look and find ways to save money. We met with him earlier and he told us about this program; he said he could save us some money. We said, "Look, if you can save us the money that you're talking about, \$100,000 or thereabouts, we would be willing to invest and join CCM and become members and we'll be good members.

Mr. Maloney stated, that's part of the reason that I sort of force fed this other information to you. If at some point you can look at this, it's an easy way to get a sense of why we think the other aspects of CCM are strong and worthwhile. CCM has frozen its member dues; we know where the economy is going. We are now in the business of providing any and all training workshops that a town needs at no additional cost. Everything would be under the dues structure of the organization. We're going from town to town and seeing that everyone's getting their professional development budgets zeroed out. We recognize we have to change the way we're doing business too, and so we're making a big attempt at that.

Taking it back to Andy for a minute, another new program that we're just coming out with in your packet also is called a reverse auction program. I'd like Andy to speak to it for a minute, because another part of being a member, and from our understanding and where we think we're going with this, this is going to provide another avenue for some significant savings. He can give us the two minute version of what a reverse auction program is. It has been happening in other states with other towns.

Mr. Merola explained, if you're familiar at all with the e-Bay process, basically things are put out to bid, and there's a bidder. What we're talking about is, I want to buy "this," here are my specifications. Who can sell it to me for the least amount of money? And you do that in a competitive situation. Basically you have an online web-based product that allows bidders to come in and say, "Okay, I have the fire truck, I have an oil purchase, I have gasoline, I have propane, I have anything that basically can be stored." Electricity can't be stored. It's made, it's used simultaneously. It doesn't really work for electricity, but it'll work for almost anything else. Anything that you can buy off the shelf you can use a reverse auction for. Capital equipment or not. Even some services have been done in other states. The idea being, you have a window of opportunity – 30 minutes, an hour – where bidders can come into a setting, and they don't know who the other bidders are. The only thing they do know is, "what is my position vis a vis the other people who are interested in selling to the City of Shelton. And if they're in position two, they have the opportunity to lower their bid to get to position one. In a sealed bid auction, basically, here's my bid, it's a piece of paper, that's my shot; that's my option. In a sealed bid reverse auction on the web, that gives them the opportunity to really sharpen their pencils. It also gives you the opportunity oftentimes to go beyond what might be your customary supply basis to get some national suppliers in on something that can be provided locally. We're not going to do this to the detriment of local suppliers, but in certain circumstances where you might otherwise be limited to one, maybe two suppliers, that's really not competition. So this will encourage competition; this will basically give you what the market has to offer you. You probably don't get that, as you know, if you're familiar with state contracts, even CCM, our own office supply, our office manager doesn't buy off the state contract; not because it's a terrible contract, but because he thinks he can do better.

A reverse auction is really giving you the opportunity to do better. If you expect to pay "x" and you can do "x less 10 percent," you're ahead of the game. There is no cost for the program, and when I say there's no cost to the program I could get up and leave and that's what a lot of salespeople will do, there is obviously a cost to the program. What's the cost? The cost is that the suppliers pay the online bidding company a fee. That fee is built into the price that they're willing to offer. Nobody does anything for nothing. I've heard that in too many places where I've been on the same table with other folks with competing programs, and the first thing out of my mouth is, "Gee, I wish I could offer you something for free, but I can't." We work with very qualified vendors. In this particular case we're working with a company called Orvis online. We went through a competitive process to get them, just like the City would go through a competitive process. We have municipal staff – not me, not Kevin, not CCM staff – municipal purchasing agents, school business managers, went through a competitive process with RFQ, proposals, reviews, finalist interviews and the selection process – all done by a committee not of CCM staff. My job, again, as the attorney for CCM is negotiate a really good contract that's going to favor our members. That's what I've done. We've just gotten that signed; the program is actually in the process of being launched now.

Alderman Simonetti asked, CCM is a private organization, not a state?

Mr. Merola replied, we are a private association, right.

Alderman Simonetti asked, warranted, guaranteed, in other words, by the number of years we buy it that's what we're going to guarantee in that price. Is it one price or is it a price that's going to climax?

Mr. Merola asked, you're talking about electricity?

Alderman Simonetti stated, if we bought five year's worth, it'll be all one price for five years?

Mr. Merola replied, yes. Typically what we do is, we like to have as much information at your fingertips as possible. So when we go out for electric prices, for instance, we ask for two different kinds of prices. One where they pass through certain risks to you, one where they absorb all the risk. We want you to know what that differential is. That

differential is your insurance. Some of them are better at ensuring that, some of them are willing to take that spread and make it really small, in which case, and in this last round of bids where I got the 10.2, those were all in prices, nothing else on top of it.

Alderman Simonetti stated, you say you're a good attorney. Is there a way that we could help the Board of Education get out of the contract they are with Conseca. Because I sign contracts, I say it's one year, that's it, or there's a 30-day, 60-day, 90-day "out," or I won't sign it. Do you know if there is something we can do about it?

Mr. Merola stated, the problem with this kind of arrangement is you have two things going on. You have a retail supplier who's making a commitment to its buyer, the same time going to the market and buying a wholesale contract. So he's got to back stop his obligation to you with something. So if you tell him, I'm not going to live by your contract, he's stuck, and then he's going to look to you – I'm not saying that every contract that I've seen is foolproof...

Alderman Simonetti interjected, you don't know what the contract is for the school system, because you did say, you made a comment that it wasn't as good as it could be; I didn't know if you had seen it.

Mr. Merola stated, I was shown it after the fact.

Alderman Simonetti asked, so you don't know if there's an 'out' on it.

Mr. Merola replied, no outs.

Alderman Simonetti asked, would you do all the footwork, or is Gene going to be doing most of the footwork for this?

Mr. Merola replied, the only thing we need from the City is, we have a two-page participation agreement, which basically says to the outside world, yeah, Shelton says we can do that. A couple of data release forms that basically allow us to get information right from the utility company, and we take it from there. We do a process called load profiling. We come back to you, if you have 100 City accounts, typically we come back and say, these 95 make sense to include in the program; these five don't. If you think of those that don't make sense, you've got to know from the supplier's perspective, every account that that

supplier has to deal electronically with UI, that's a cost to it. It takes those costs over the very small accounts and spreads it over the other accounts, so it really increases your price. Typically, somewhere around 98 percent of your accounts we'd recommend for including in the program; two percent we don't.

Alderman Simonetti asked, the fee is already included in the cost of the electricity?

Mr. Merola replied, the fee, actually not. Our fee is separate. It's one and a third mill, and you can put this down as .00133 per kwh. As far as we know it is the lowest available fee in Connecticut.

Alderman Simonetti asked, you only do this for municipalities, not corporations?

Mr. Merola replied, no. We are a not-for-profit association of cities and towns. That's our universe.

Alderman Anglace stated, one of the things we have to do is run this by Corporation Counsel Welch. Gene will handle all of that and run all the details by him, then come back to us when you're ready.

Mr. Merola stated, on the advocacy front we've been working with John directly and indirectly over the last couple of years because we know he has concerns about trying to reduce the number of mandates coming back to towns, trying to improve upon the amount of education aid coming back. I'm sure, and in your packet you'll see a quick analysis of the state aid grants for the city, we know there are concerns there. The state budget situation is volatile. At the moment we're trying to hold the line on the education funding, but work to get some of these cutbacks in the non-education grants whether it's the pilot program, the town aid for road, the Pequot Mohegan grant. Try to get some of those wiped out, according to our analysis you're down about \$100,000. To be honest, whether you've been in CCM or not, you've almost been getting the benefit of what we've been trying to do upon the advocacy front. I'm telling you from the point of view of going now through the session, our major drive is to try to deliver on getting some mandates relief legislation enacted and try to get rid of these non-education cuts and at least get you back to more or less level. It's going to be a real battle, but that's clearly where we're trying to come from.

Alderman Papa asked, you just go out and try to find the best rates possible?

Mr. Merola stated, yes, the market changes constantly. If you go out to buy electricity, it changes price every 15 minutes. What we do is basically educate you on a contract that we feel comfortable having you sign, and when I say things like, contract, I won't bother to go through all the nitty gritty, but if you look at page 4 at the bottom, these are the kinds of things that are in contracts that can really affect your actual out of pocket cost. These are the kinds of things that we concentrate on in our contract. Example, a very large municipality in this state that I cannot name signed a contract that actually required them to make sure that all their accounts got enrolled with the supplier. If they didn't they had to pay the supplier a fee. Our contract basically says if the supplier screws up and doesn't have all the accounts enrolled on time, they pay the municipality. That's been done twice already, where they had to pay the municipality the difference between the contract price and market price.

Alderman Papa asked, what is your rate?

Mr. Merola replied, our electric rate? I'll tell you when we get to the market. It's better than the 10.2 we were at the end of January.

Alderman Papa asked, it's better than 10.2?

Mr. Merola stated, the market has improved about five percent since when we were out in the market at the end of January. We're going again March 3rd.

Alderman Anglace asked, we're just talking generation costs?

Mr. Merola replied, right. When we started this process, there was T&D and then there was generation. There's generation and now there's T&D. I'm saying, the electrons you're buying off the grid, that's the only thing up for sale.

Alderman Anglace stated, the irony is that each of us is affected by the same thing in our homes. Few of us have really sat down to look at it in depth and just coincidentally, when I received my last UI bill and it

amounted to \$973 for a month. I decided that I was going to bone up, and two, I was going to work hard to find a qualified professional to represent me. I'll tell you, I'm in an all-electric home. I expect a higher rate than normal, when the oil prices were up, I was doing great by comparison. The best thing to compare is kilowatt hour usage, because that's something that shouldn't vary like they say it does. That's what destroys me. You have a facility that's got good insulation, you know, you're standard. It shouldn't. The degree days don't vary that much. You've got to do some long-term preparing.

Alderman Papa asked, who do you buy it from?

Mr. Merola replied, I'm buying from a local Connecticut supplier. There are not a lot of folks out there knocking on the residential doors because the sole, the use is so small. There's some savings available out there; there are also a couple of programs – the wait 'til 8 program where you don't turn on anything that's a heavy user until after 8 o'clock – you do your wash, your electric drying after 8 o'clock.

Alderman Kudej asked, isn't here a place in Massachusetts everybody's involved with – ISO?

Mr. Merola replied, ISO New England; they're the grid operator. They run the market and they make sure there's enough power getting on the grid so everybody...

Alderman Kudej interjected, that was one of the big discussions up there in Hartford today. If they control everything, we'd better take a good look and make a decision.

Mr. Maloney stated, that whole time of use thing is pretty recent in Connecticut. The utility companies were pushing it because they have to buy at different pricing and they want that pricing to be passed along to customers, so customers can do the right thing, so to speak. DPUC has always come back and tempered that with, wow, that would really put a big shock.

Mr. Sullivan asked, they'll be running the whole RFP process, correct? So do we have to waive our right to do an RFP - the purchasing right to put it in the paper and do our due diligence. These gentlemen are going to be taking over that.

Alderman Simonetti stated, I think you'd have to go to Tom Welch with that question.

Alderman Anglace stated, I brought it to Tom's attention today and asked him to look into it. We certainly have to meet our Charter requirements and Tom has to look this over.

Mr. Maloney asked, so then you think that the Mayor will be generally supportive?

Alderman Anglace replied, absolutely. You're talking his language, Kevin.

Mr. Maloney stated, I left him a voice mail this afternoon letting him know that we were coming and we thought we could do the savings on the town side, and we had some savings we could go after on the school side.

Mr. Sullivan stated, on this reverse auction, how do we get around that from the standpoint of the Charter...

Alderman Anglace interjected, I brought it to Counsel's attention and asked him to look into it as well. I think before we need help before we can go any further. Both issues sound interesting and sound like we should pursue them. We certainly have to have him look it over and make sure it's okay with our Charter.

Mr. Maloney stated, on the reverse auction, you are seeing this at the same time that our members are. We sent the notice out Friday, and six towns got back to us on Monday asking for the details on it. I think Andy's tapped into something and we're trying to manage and work the logistics of how to organize it. Everyone's budgets are going south so if we're not out there finding ways for people to cut their costs, shame on us.

In answer to the question, "Does Connecticut law permit municipalities to use reverse auctions?" The answer is yes according to this brochure, Public Act #08142 approved June 5, 2008 enables municipalities to employ this procurement method. It's allowed by the State. It is a sealed bid process.

Mr. Sullivan asked, do other players/suppliers see what someone else is offering?

Mr. Merola replied, no, they see their relative position in the game. They don't know who else is bidding and they don't know what their bid amounts are.

Alderman Kudej thanked Mr. Maloney and Mr. Merola for their presentation.

4. Perry Hill School Budget Presentation

Sean Sullivan, Perry Hill School Building Committee

I just want to take a couple of minutes. I know that at the last meeting where there is discussion about the testing services, there was some discussion about, is this part of the bid and where does it fall, so I just wanted to show you the ledger that we're using to manage the project. There's a couple different things that I have here. It's just the topside ledger for the project. I have more details. The next few pages are just kind of a little timeline of what the timeline for the project should be seeing on the site, and then I think the last page in there is the listing of the change order log. I wanted to talk about those kind of things, conceptually.

The budget, if you look at the top. This is the ledger that's being maintained by the Bill Banfe's operations, you know, Anthony is very familiar with this format. The budget is \$41.5 million. If you go down the allocation column, that's the big bucket numbers that we have. There is some more detail behind it; I didn't want to get too far into the details, but if you have questions, I can dig into it. \$1.55 million for Fletcher, \$100,000 worth of reimburseables just printing plans and doing ads for the bids, that kind of thing. The column to the right is the amount we've expended on there. Most of Fletcher's money has already been spent; they're doing construction administration now and they're onsite and answering questions, that kind of thing.

Next big number is bonding. We're really trying to work with Mr. Marusic's office to get a better handle on the bonding number, and if that's the right number. I think on the last project, I think the high school, we still don't know what the final bonding number is going to be.

We know we have to have something in there; we're going to try and tighten up that number a little bit. Builder's Risk Insurance is to protect the owner while the general contractor is on site, they have insurances and all the subcontractors have insurances, but we are adding value to the building. So basically as we add \$36 million of construction value, this is to protect that value as it gets added. So God forbid something happens halfway through, this Builder's Risk covers us for taking care of that loss.

Clerk of the Works, I'm not sure if you're aware, but the City did hire, Bob Shube is a city employee or a temporary employee, and he's our Clerk of the Works. It is an extremely valuable position. He is a diligent worker. He is there making sure everybody's doing what they're supposed to do. Bob works for the Committee and he also works directly for the City as well. He is able to escalate and expedite things and has been a huge benefit to have on the project.

Preconstruction so all the stuff for getting to the initial bid package was by Fusco, and that's that \$75,000 reimburseable. So then the big number is the construction cost. This is the combination of the Kate Konover, which is now KBE, I think you're aware they changed the name of the company, it was Konover Construction. In January they changed their name to KBE Building Corporation. Same company, same people. Konover sold the business a year and a half ago and there's a stipulation in that agreement that they had to change the name within a year and a half. That's the only name change. There is also about \$2 million worth of demolition in that \$36 million number, so those are the two big numbers there.

Consultants, again, that's the one that I have more detail on that I didn't want to bore you with, but we have consultants for everything. You approved at the last meeting for the testing and special inspections, we have consultants for Hazmat, we have consultants for our technology, we have consultants for geotechnical services and abatement, and there's a whole bunch of different things that roll into that number. If you want more detail, I can definitely share that with you.

Then we can look at the next few lines, which is the contingency lines. At the bottom of the page it shows that \$2.1 million number is the sum of the two contingencies. Here is the reality of those two numbers. You

approved \$382,000 tonight, so that \$2.1 is \$1.8; and the other reality is that the construction bid came in about \$500,000 more than we had planned. So we're in the hole about \$800,000 of that \$2.1 million.

We went out originally as construction manager as advisor and then we went back out to bid as general contractor. The general contractor number came in. We think it's a good number, it was just more than we thought it was going to be based on the budget we had allocated at that time. So we're rolling with it, but we've got to take it out of somewhere, and that's where we're looking to take things out of now, is out of those two contingency lines.

Furniture, Fixtures and Equipment, that's \$1 million worth of desks, chairs, kitchen equipment, tables in the cafeteria, all the movable equipment. That's our budget number. Mr. Banfe has already gone out and looked at the State bid numbers and we think we can get all the stuff we need in the school for that number, safely, and maybe can do a little bit better. The other thing that the Board of Education is doing is finding out what equipment is actually movable. What is one or two years old that can go into the school and still look and perform like it's new. We're doing the same thing on the technology side. We met with Dana who is the Director of Technology, we met with Tina who is the Director of Math and Technology for the school district, we met with our Technology Consultant. They know what the requirements are, and we're going back to the Board of Education saying, "what do you have that you can move into the school," so we can say, "we don't need 'x', we need something less than 'x' that we have to buy as part of this." That Technology Consultant is in that consultants, but this technology, computers and telephone, that \$333,000, that's the amount of money we have in this project to buy network infrastructure, access points, data closets, switch gear and all that stuff. That's also for some technology in the classrooms too. We're tight on that number.

Site development is in the base bid – in G.C.'s – all the site work is in there. Brennan is our site guys, the Shelton outfit. Is it \$4 million? I don't want to say the wrong number, but it's millions of dollars in site work. There's a lot of work there.

Then some other legal fees, administrative costs, whatever. So that's why the number at the bottom, the 42016, the budget at the top is 41.5 that's because we're over 500 on the general contractor bid that we

awarded. That's the \$500,000 difference I was mentioning. We haven't really tapped in the contingency at this point.

The purpose is to get you familiar with the numbers. The next thing I want to share is the timing. I don't know if you've driven by Perry Hill School lately. I've printed out some black and white pictures, they're not that interesting. The smokehouse is down, the carport is down. They're starting to put in structures for that front parking lot, so you're starting to see the spaces going in.

Alderman Anglace asked, how much of the Hurd property are you bringing into the Perry Hill School project.

Mr. Sullivan stated, I think the property was 5.5 acres, initially we're using the whole thing, and in discussion with the City we created a subdivision and took 58 Perry Hill and made it a separate. I think that's 1.3. I think we're using 3.5 or 4.

Alderman Anglace stated, what that says to me is when we bought that property, there was some comment made at the time that we paid more for it than, if we had bought it when it first came up for sale, and we didn't buy it, but when they were going to go in and put the condos in, then we talked to them and bought it from them, we paid more. I said at the time and I'll say it again, regardless of what we paid for it, it still has value to us that's cheap money. Know what I mean? We got it for cheap money. When you take and add it to the site that you're doing now, and we had no idea what the future was going to be there except that the City owned that property, and if you ever wanted to do anything with it, you need it.

Mr. Sullivan stated, in the original design we had the house and the two-story barn being demoed and the City had very strong opinions about not doing that. More importantly it was built in 1760. That two-story barn is a dirt floor, it's a beautiful building, and it hasn't been damaged that bad. The smoke house had some damage. I talked to Marty Coughlin at the history center, they came and took pictures of the smoke house before they demoed it so they have it at least for posterity. It'll be a great addition. Look at the way we have the site designed. The parking lot comes right up to the back of that building, you can see the silt fence that's there, that's really the back of the parking lot that's going to loop around. There's 1.3 acres but most of

it's down Perry Hill. The right-hand side is very much taken up by the school.

Site work is under way now, the biggest part of the site work now is just getting all the underground stuff in. Landscaping comes in May of next year. We have to make a decision in the next couple weeks about an enhancement to the ball field. In the original project we had an alternate for doing – now there are two fields, one of them is not going to touch, in the base bid we're not touching the other one either, but we know that it's too small and it's laid out improperly. We want to make it better, we'd just have to take another alternate. No lights, but we're already providing handicapped access because ADA requires us. We're going to turn it almost 90 degrees and make it a full-sized field. Do new cutouts, bleachers and fencing, but we've got to spend \$60,000 on that, and that's another contingency item that we've got to just figure out we can do.

Blacks Hill Road is totally closed off, and the parking lot in the back dead ends there in the new design.

Chair walls and seal going in now through the spring, the main entry and the elevator is going to be the next thing in the front of the building, where that little catwalk used to be is going to be the new entry. The boiler will be in by November, and will use it for heating for this winter. It's a dual-fuel – that is one of the other things we did as far as the energy stuff. MEP is Mechanical, Electrical and Plumbing, so that's all the rough ins are going to happen throughout the year. Windows start coming out in March; all the new windows will be in by May. New electrical service, new roof, brick restoration. It's a built up roof; it's a flat roof but it's not like, it's going to be the same type of construction as the high school. The current standard calls for .5 inch per foot of pitch. We got a waiver to that so we saved a couple hundred thousand dollars there as well. Substantial completion is in May and then the project is done in July of next year. Kids start showing up in August.

Sprinkler systems are there. I can assure you. It's renovate like new construction, so the codes for construction apply to that. Sprinklers throughout. The two gymnasiums are remaining. We had some discussions with the State early on because we're actually oversized for the number of students. We're designed for 960 kids. 960 is the 10-

year maximum projection by all the demographic studies that say that's how many kids you're going to have. The State allows you to build for 960, that translated to about 140,000 square feet of space. We have 160,000. We got the waiver and they weren't going to make us tear down part of the building. The old auditorium becomes the new cafeteria for the new building. It's called a cafetorium. During lunch waves it'll have tables and the servery is right there where the old cafeteria was on the lower level. But if there's an assembly or some event, you bring in chairs and there's a stage with lights and a sound system. It's a dual purpose. We have Shelton Intermediate School and the High School so we have a 600 seat auditorium, and 1,100 at the High School. We didn't need another auditorium, and we're using that space as a cafetorium. Actual enrollment is projected in the 870 range. We're designed for a little bit more.

The old cafeteria on the upper level will be custodial/maintenance area and some classrooms.

The last page is the pending change order log. I know that with the High School project we had to come back and present what the change orders are. This is the format that we're getting from the general contractor on how they're tracking change orders. So you'll see a change order number listed, and then you'll see what it's status is and then you'll see an amount. The Committee is Steve Chuckta, Don Sheehy, Ray Sullivan, John Fitzgerald, Don Stanziale, Gary Will, myself, Jim Oraziotti. We have guys that are in the trade. We have a Clerk of the Works watching, with our eyes, every day, and guys like Fitz and Stanziale who know the business, and Sheehy and Sullivan who know developments and architecture. It's a good group of people. I want to try to figure out what makes sense for you, just giving you this last sheet so you know where we are on the change orders.

We have meetings every first and third Tuesday. Our minutes are extensive on the website, a very detailed accounting of what's going on. If I could come in every few months and make you aware of the finances, that will keep everyone informed.

Alderman Kudej thanked Mr. Sullivan.

In response to a question from Alderman Anglace, Mr. Sullivan stated, when we did the return of investment calculation for the ice storage, the

Board of Education was paying 9 cents per kilowatt hour for generation. It sounded like these guys were saying that they were, but I'm not sure, I don't know where their fees are. I just think Mr. Cameron has to check with these guys. But the payback for the ice storage was longer than we thought because the Board of Education is actually getting a low generation fee, but they may have already paid that for the fixed portion of the thing.

Alderman Simonetti stated, just make sure they have enough capacity. The High School is right on the edge, we know it. There's nothing we can do about it. So 20 years down the line they'll say you didn't design it big enough. We did.

Mr. Sullivan continued, the office that was the Board of Education technology, those folks have moved out and into the Central Office. That building is going to remain onsite, and part of our site plan is to add, I think we have two handicapped spots and about five parking spaces over there.

Alderman Simonetti asked, what will those buildings be?

Mr. Sullivan replied, we don't know. The City can do whatever they want. They're permanently-located portables.

5. Appropriation of Funds for Fire Department Turnout Gear and Pagers

Alderman Simonetti MOVED to recommend to the full Board to appropriate \$78,000 from Aldermanic Bonding pursuant to Section 7.16 of the City Charter for the purchase of turnout gear and pagers for the Fire Department; SECONDED by Alderman Anglace.

Alderman Kudej stated, earlier, Alderman Finn asked me, why are we going out to bonding while they have money in their account.

Alderman Anglace stated, we're bonding. The reason that we're bonding is, consciously we want to make an effort to revert back into the budget as much as we can from this year's budget to cover a shortfall that is in the budget. So we can handle this through Aldermanic bonding, pay for it over five years, leave the money in the budget, and then it goes right back into next year's budget, know what

I mean? In other words, we're consciously maximizing the amount of money that's left over in the budget and paying for it over a period of five years. This is capital, it's permissible.

A voice vote was taken and the MOTION PASSED 3-0.

Adjournment

At approximately 9:05 p.m. Alderman Anglace MOVED to adjourn; SECONDED by Alderman Simonetti. A voice vote was taken and the MOTION PASSED 3-0.

Respectfully submitted,

Patricia M. Bruder
Clerk, Board of Aldermen