1. BET Special Meeting Documents

Documents:

BET_SPECIAL_MEETING_NOTICE_12-02-02.PDF
BET_SPECIAL_MEETING_MINUTES_12-02-02.PDF
PUBLIC NOTICE

SPECIAL MEETING OF THE
BOARD OF ESTIMATE AND TAXATION

MONDAY, DECEMBER 2, 2002
6:30 P.M.
TOWN HALL MEETING ROOM
REVISED AGENDA

• BET Public Hearing for the North Mianus Sewer

• REGULAR APPLICATION:

  J-1 Public Works $3,202,000 New Appropriation, Additional Appropriation
  North Mianus Sewer Construction
  BURNETT, WALKO

• OLD BUSINESS:

  Approval of:
  1. Investment Manager for Fixed Income Segment of OPEB

  2. Investment Vehicle for Equity Segment of OPEB (Other Post Employment) Fund – Kathryn Guimard and Robert Stone

Mr. Tesei, as Chairman, called the public hearing to order at 6:32 PM.

Following the pledge of allegiance to the flag, Mr. Tesei gave his opening remarks and outlined procedures which would be followed during the public hearing on the North Mianus Sewer Extension project. He then provided a brief history of the project and its timeline.

Board Members in Attendance:

   Peter J. Tesei, Chairman
   James A. Lash, Vice Chairman
   Valeria P. Storms, Clerk
   Jara N. Burnett
   Kathryn K. Guimard (late arrival 6:38 PM)
   Edward T. Krumeich, Jr.
   Frank E. Mazza
   Alma Rutgers
   Laurence B. Simon
   Robert S. Stone
   Stephen G. Walko

   Absent:        Janice C. Gardner

Staff:  Edward Gomeau and Roland Gieger: Finance Department
        Alfred Cava, Sherry Krieger: Human Resources Department

Other:  Richard Bergstresser, First Selectman; Marcos Madrid, DPW

PUBLIC HEARING – North Mianus Sewer Extension

Blair Murphy, RTM District 8, expressed concern over traffic detours in the section north of Palmer Hill Road to Valley Road, noting that the bridge was closed during the same period of time, causing a redirection of traffic over Cognewaugh and Cat Rock Roads, both “non-conforming” roads of less than 22 feet in width. He requested that the Town obtain a legal opinion regarding additional liability for using such a non-conforming road as a primary artery during construction. He also noted that the purpose of installing sewers is to protect the watershed, and that he was concerned that Stamford was not taking any action in that regard.

Mr. Madrid indicated that he would respond to the issue of using a non-conforming road as a primary artery during construction.

Joyce Henklein, Valley Road resident, expressed dissatisfaction with the duration of the project and its high cost. She noted that she is planning to sell her home and that the extended construction has delayed her plans.
Mr. Madrid reported that the increased project cost per residence will be approximately $5,000.

Peter Pellerzi, P.E., Westfall Lane, Cos Cob, expressed concerns over the duration of the project and its expense. Mr. Pellerzi noted that as a professional in the field, watching the excavation “was painful”, stating that in his professional opinion, excessive trenching and destruction of the road surface had taken place. He recommended that off-site material storage would be safer than using the roadside. He suggested that given the fixed costs of such a construction project, acceleration of the timeline should produce cost savings. He also noted that once a project is stopped, then restarted, costs increase.

Mr. Madrid responded by agreeing with Mr. Pellerzi that the department shared his concerns over the quality of work performed by McNameee from early on in the project. He also noted that Planning and Zoning had rejected a request by the department for creation of a ‘park’ for materials storage during construction.

To Mr. Pellerzi’s question as to whether wastewater treatment expansion was planned, Mr. Madrid assured Mr. Pellerzi that no additional pump stations or wastewater treatment projects are required as a result of this installation.

Robert Perri, Sweetbriar Lane, noted that no formal notification was provided regarding road closings and that equipment had been moved frequently. He also noted sunken manholes at the worksite and the contractor’s transporting six truckloads of dirt from the site to a secondary location on Palmer Hill Road. Mr. Perry also expressed a concern that various lots had more rock than others, resulting in increased expense to connect to the main. He felt that “somebody had dropped the ball” and that residents were being penalized for that failure on the part of the Town.

Mr. Madrid explained that the contractor is free to take on “side work” during construction, and that the cost to the Town is based solely upon “pipe laid”. Thus, the Town was not billed for the materials moved or any work done on that site.

He agreed that the Town could “do a better job” of informing residents regarding road closings and agreed to speak to Stearns and Wheeler about posting road closings on the Town’s website. He also plans to speak to the Greenwich Time, to request that they post road closings as a public service.

Robert Kavee, RTM District 12, expressed concern over the dwellings added to the project which, in his opinion, lay outside the Sewer District, according to the map. He also noted concern that several houses with Greenwich addresses, but which lay in Stamford, were also being connected. He stated that he did not agree that savings would accrue from connecting these residences as part of the project rather than including them at a later date, if required.

Mr. Madrid explained that the houses being “added” were on the opposite side of a street that was used as a boundary for the map. He remarked that in his professional opinion, the boundaries should be drawn at the rear lot line of all lots abutting a street under which pipe is being laid. He also explained that the only means for the Stamford homes to
connect to a sewer line was to hook up to the North Mianus trunk and that an inter-local agreement was being developed, similar to one in place with Port Chester, to accommodate their connection. He confirmed that the entire area had been experiencing problems with septic systems and that having these residences connected to the sewer should alleviate the problem.

Sally Nowinski, River Road, described her concern over a well cover which had been cracked during an inspection and which the representative of Stearns and Wheeler had stated was broken when her son lifted the cover, and was, therefore, not their responsibility. She stated that the well cover had been cracked during construction and should be replaced at Town expense. She also stated that she had been given a “hard” quote on the cost for her residence to be connected to the sewer line and did not think she should have to pay more than that.

Mr. Madrid stated that all figures to date have been estimates based upon an “average” lot and that final costs for an individual residence can only be determined by the Condemnation Commission following completion of the project.

He also indicated that he was unaware of the matter of the cracked/broken well cover, and agreed to meet with Mrs. Nowinski to resolve the matter.

James Marenski, River Road, questioned the size of the increase in estimated project cost.

Mr. Madrid reported that the original estimate for an average house was $26,000, which was reduced to $21,000 following receipt of the low bid from McNamee. With the estimated increase of $5,000 for the average residence, the anticipated average cost is now $26,000.

Mr. Gomeau reminded the group that the projected expense is for construction only, and does not include the finance cost to carry the loans.

Upon a motion from Mrs. Guimard, seconded by Mr. Stone, the Board voted 11-0-0 to adjourn the public hearing at 7:23 PM.
report to DPW and not the committee, the resulting level of oversight had not met expectations. He further stated that if DPW had acted earlier upon their dissatisfaction with McNamee, some of the additional expenses might have been avoided.

Of the additional $3,202MM requested, Mr. Lash noted that $910,000 is for traffic control, as opposed to the original estimate of $75,000. The balance of the request is for increases in the cost of construction. Including a $700,000 credit from contingency, the additional appropriation requested totals $3,202,000.

Summarizing the Board’s dilemma, Mr. Lash noted that there were two choices: 1) to stop the project entirely, repave the damaged roads, and leave the existing problems of pollution and health to be addressed in a different manner at a later time, or 2) to approve the funds. He advised conditioning $500,000 of the allotment for traffic control on monthly presentation by DPW and the Police Department of a report detailing the use and expenditure of funds for the prior month, a detailed work plan for the upcoming month, and confirmation that funds expended were done so in conformity with departmental policy. He noted that a review of traffic control expense for prior projects reveals that expenses were approximately twice the budget, whereas this project is costing more than ten times budget.

Upon a motion by Mr. Lash, seconded by Mr. Simon, the Board voted 10-1-0 to approve the request for the additional appropriation of $3,202,000, with $500,000 of traffic control funds subject to the following conditions. Mr. Mazza opposed.

This authorization has been granted with the following conditions:

A. $500,000 in traffic control expense is approved subject to release on a monthly basis upon:
   1. submission by DPW and the Police Department of a review of spending for the prior month on traffic control measures,
   2. a determination that said spending was done in a manner consistent with departmental policy and provisions in the labor contract, and
   3. presentation of a plan for traffic control for the upcoming month.

Additionally:
   4. The monthly traffic control report should include a list of areas in which traffic control is required, a list of streets which will be totally closed during construction, and a summary of staffing requirements and placement of personnel at each construction site.

B. Presentation to the Board of a detailed summary during the first month following the close of every quarter with regard to engineering services provided and expenses incurred.
C. Notification of all members of the BET regarding the dates and times of all meetings to be held between DPW and their consulting engineers (Malcolm Pirnie and Stearns & Wheler). Said notification will be accomplished by DPW notifying Anne Giamarino, who will in turn, notify all members of the BET of the date, place and time of each meeting.

Mr. Stone, Audit Committee Chair, stated that the Audit Committee had held a special meeting that morning, largely to determine the value of Malcolm Pirnie’s reports to the Town in connection with the North Mianus sewer project. He repeated Mr. Lash’s comment that the original intent was for Malcolm Pirnie to report to the BET and not to DPW. He added that in order for the Town to make better use of Malcolm Pirnie in the future, the Audit Committee has requested that Malcolm Pirnie utilize a particular reporting format that will provide more detailed information to the committee. Additionally, the committee is now requesting that the BET be advised of all future project briefings by Malcolm Pirnie, and that a representative of the BET be in attendance at all such meetings.

Mr. Tesei noted that past practice supports increasing the level of oversight by the BET and recommended that a representative of the Audit Committee or a BET liaison (DPW liaisons are J. Burnett and S. Walko) be notified prior to every meeting and that at least one BET representative attend each meeting. It was agreed that DPW will notify the BET prior to each communication session so that members of the Audit Committee and Board liaisons may attend. It was noted that the Internal Auditor is neither expected nor required to attend these information sessions.

Mr. Mazza noted that his vote in opposition to the new appropriation was due to the fact that in his opinion, questions were not answered sufficiently and the engineering contract was poorly worded. Additionally he noted that the letter to the RTM Claims Committee from counsel saying there would be no need for an additional appropriation if the Town settled with McNamee was misleading. He believes it may have led to a wrong decision regarding settlement with the contractor. Mr. Krumeich supported Mr. Mazza’s concern, noting that the settlement process was flawed, in that the BET was not informed of the facts leading up to the decision to settle, and that only the RTM Claims Committee had been consulted.

RESOLUTION INCREASING BY $3,202,000 THE $16,585,000 APPROPRIATION AND BORROWING AUTHORIZATION FOR THE DESIGN AND CONSTRUCTION OF SANITARY SEWER LINES AND RELATED PUMP STATIONS AND APPURTENANCES AND RELATED WORK TO SERVICE THE NORTH MIANUS SECTION OF THE TOWN FOR AN AGGREGATE $19,787,000 APPROPRIATION AND BORROWING AUTHORIZATION.

RESOLVED,
(a) That a THREE MILLION TWO HUNDRED AND TWO THOUSAND DOLLAR ($3,202,000) increase in the SIXTEEN MILLION FIVE HUNDRED EIGHTY-FIVE THOUSAND DOLLAR ($16,585,000)
appropriation approved by resolution of the Board of Estimate and Taxation at a meeting held May 21, 2001 for the design and construction of sanitary sewer lines and related pump stations and appurtenances and related work to service the North Mianus section of the Town is hereby approved and recommended to the Representative Town Meeting, for an aggregate appropriation of NINETEEN MILLION SEVEN HUNDRED EIGHTY-SEVEN THOUSAND DOLLARS ($19,787,000).

(b) That the SIXTEEN MILLION FIVE HUNDRED EIGHTY-FIVE THOUSAND DOLLAR ($16,585,000) bonds and notes authorized for the project be increased by THREE MILLION TWO HUNDRED AND TWO THOUSAND DOLLARS ($3,202,000), for a total aggregate bond or note authorization of NINETEEN MILLION SEVEN HUNDRED EIGHTY-SEVEN THOUSAND DOLLARS ($19,787,000), including any bonds already issued for the project.

(c) That the Town hereby declares its official intent under Federal Income Tax Regulation Section 1.150-2 that project costs may be paid from temporary advances of available funds and that the Town reasonably expects to reimburse any such advances from the proceeds of borrowings in an aggregate principal amount not in excess of the amount of borrowing authorized above for the project. The Comptroller is authorized to amend such declaration of official intent as the Comptroller deems necessary or advisable and to bind the Town pursuant to such representations and covenants as the Comptroller deems necessary or advisable in order to maintain the continued exemption from federal income taxation of interest on the bonds or notes authorized by this resolution, if issued on a tax-exempt basis, including covenants to pay rebates of interest earnings to the United States in future years.

(d) That the area to be benefited by the sewer project is described in Section (a) of the aforesaid resolution, and the net cost of the sewer project shall be reimbursed 100% from assessments to be levied against properties in the area to be benefited and 0% from the Town’s General Fund. Pending the collection of assessments, such reimbursement from assessments may be paid from the Sewer Improvement Fund.

(e) That the time for issuing any bonds or notes hereunder shall not be limited and this resolution shall not lapse, but shall remain in full force and effect until the project is completed, all payments made and all borrowings completed.

Upon a motion by Mr. Krumreich, seconded by Mrs. Burnett, the Board voted 11-0-0 to approve the resolution authorizing the appropriation of $3,202,000 of
additional funds subject to the above-noted condition on $500,000. Mr. Mazza opposed.

Messrs. Mazza and Krumeich were excused from the meeting at 8:08 PM.

A discussion followed with regard to whether the new sewer users were responsible for bearing the entire expense of the additional appropriation. Mr. Gomeau reminded the Board that the resolution just adopted formalized that decision, in its statement that users within the district would bear 100% of the cost of the new installation.

**OLD BUSINESS:**
Approval of investment manager for fixed income portion of OPEB Fund:

Mrs. Guimard reported that three candidates had been interviewed: Ryan Labs, State Street Global Advisors and US Trust Company with a final decision on the selection of a candidate to be reported at the December 18th meeting of the BET.

Mr. Stone reported that the Investment Committee was recommending that the BET follow the suggestion made in its strategy memo distributed in September, that funds be dollar-cost averaged into equities at $100,000 per month, until the statutory maximum of 31% of the OPEB fund total is reached. He added that the committee was recommending that the funds be invested in the Vanguard Total Stock Market Index Fund, a particularly broad based fund, designed to track the Wilshire 5000. The cost per year is 20 basis points per year until investments reach $250,000 and 15 basis points thereafter, somewhat less than Fidelity’s similar fund and less than half the typical fees for most alternatives.

Mr. Walko inquired as to whether approval of the recommendation should include addition of a sunset provision. Mr. Gomeau confirmed that the Treasurer was required to make an annual report on the OPEB Fund and its status based upon an annual liability study to be performed by the Town actuary. Mr. Lash recommended that the BET revisit the funding approval annually, with the actuarial report in hand, prior to the finalization of the budget.

Mr. Lash recommended that the OPEB Fund balance be rebalanced periodically. Mr. Gomeau suggested that the Board establish time parameters for reviewing the fund balance to assure compliance with statutory requirements.

**Proposed Resolution Concerning Equity Investments by the OPEB Fund**

**WHEREAS** the Board of Estimate and Taxation wishes to implement an investment program outlined in the September 28, 2002 memorandum submitted by Kathryn Guimard and Robert Stone, and
WHEREAS, those two Board members serving as the Investment Advisory Committee have reviewed potential equity investment vehicles and recommend one which meets various criteria, including providing attractive total returns over the long term, minimization of the impact of risk through diversification of underlying securities and minimization of associated costs,

NOW THERFORE, BE IT RESOLVED that we hereby authorize commencing a program of investments in The Vanguard Group’s Vanguard Total Stock Market Index Fund; such investment to be made at a rate of $100,000 per month until such time as the value of such investments represent 31% of the total value of the OPEB Fund.

Upon a motion by Mr. Stone, seconded by Mrs. Guimard, the Board voted 9-0-0 to approve the resolution authorizing investment of the equity portion of the OPEB Fund in Vanguard Total Stock Market Index Fund on the investment schedule as proposed.

There being no further business before the Board, on motion of Mr. Stone, seconded by Mrs. Burnett, and carried 9-0-0, the meeting was adjourned at 9:45 PM.

Respectfully submitted,

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Charnel K. Benner, Recording Secretary

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Peter J. Tesei, Chairman

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Val P. Storms, Clerk of the Board