

TOWN COUNCIL MEETING

JUNE 27, 1995

6:30 P.M.

AGENDA

1. Roll Call and Pledge of Allegiance
2. Consider and Approve the Appointment of Joseph Chordas to the Position of Commissioner on the Planning & Zoning Commission to Fill a Vacancy Which Expires 1/8/98
3. Consider and Approve a Transfer of Funds in the Amount of \$140 from Seminars & Dues Acct. #001-7011-700-7990 to Transportation - Environmental Planner Acct. #001-7091 -300-3200 - Inland Wetlands Watercourses Commission
4. Consider and Approve a Transfer of Funds in the Amount of \$43,010 from Contingency Reserve for Emergency Acct. #8050-800-3190 to Professional Services Acct. #001-7010-901-9026 (F.Y.'95-96) - Planning and Zoning Commission/Town Planner
5. Consider and Approve a Transfer of Funds in the Amount of \$5,200 from Registrar of Voters Postage Acct. #001-6010-400-4080; \$4,800 from Primary Elections Election Workers Acct. #001-6011-100-1350 and \$6,000 from Insurance Self Insurance Claims Acct. #001-8040-800-8280 for a Total of \$16,000 to Law Department Professional Services Acct. #001-1320-900-9010 - Depart. of Law (F.Y.'94-95)
6. Consider and Approve a Transfer of Funds in the Amount of \$2,200 from PT Video Technicians Acct. #1303-100-1350 to LHHS-SHS Championship Ceremony Acct. #1300-600-6030 - Mayor's Office
7. Consider and Approve the Bid Waiver List for F.Y. 1995-96
8. PUBLIC QUESTION AND ANSWER PERIOD - 7:30 P.M.
9. PUBLIC HEARING to Approve a List of Municipal Projects to be Submitted to the State of Connecticut Under the Neighborhood Assistance Program - Program Planner
10. Consider and Approve Granting an Easement to the Sunwood Development Corporation for Grading on Woodhouse Avenue as Requested by Attorney Joan C. Molloy
11. Consider and Approve a Waiver of Bid Authorizing the Execution of an Agreement to Lease Town Property (American Legion Building) as Requested by the Mayor's Office
12. Consider and Approve a Waiver of Bid for the Sale of 17,700 sq. ft. of Town Property to Coag Farm Inc. as Requested by George Cooke
13. Discussion Regarding Action Taken at the June 20, 1995 P.U.C. Meeting Pertaining to the Cytec Power Service Supply Agreement as Requested by Councilor Geno J. Zandri, Jr.

(OVER)

14. Discussion and Possible Action on the Status of the Proposed Golf Course Site in Durham as Requested by Councilor Tom Zappala/Co-Chairman Municipal Golf Course Study Committee
15. Approve and Accept the Minutes of the June 13, 1995 Town Council Meeting

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ADDENDUM TO AGENDA

16. Consider and Approve a Transfer of Funds in the Amount of \$500 from Utilities - PW Gen. Acct. #001-5030-200-2010 to Utilities Fairfield Blvd. Acct. - Dept. of Public Works
17. Consider and Approve a Transfer of Funds in the Amount of \$7,500 from Regular Wages & Salaries Acct. #001-1401-101-1000 to Professional Services Acct. #001-1401-901-9007 - Comptroller

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6:30 P.M.

SUMMARY

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TOWN COUNCIL MEETING

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6:30 P.M.

A regular meeting of the Wallingford Town Council was held on Tuesday, June 27, 1995 in the Robert Earley Auditorium of the Wallingford Town Hall and called to Order by Chairman Thomas D. Solinsky at 6:34 P.M. All Councilors answered present to the Roll called by Town Clerk Kathryn J. Wall with the exception of Councilors Duryea, Gouveia and Killen who were each vacationing out of Town. Mayor William W. Dickinson, Jr. arrived at 7:09 P.M.; Town Attorney Janis M. Small arrived at 6:41 P.M. Deputy Comptroller Eva Lamothe was also present for the meeting.

The Pledge of Allegiance was given to the Flag.

ITEM #2 Consider and Approve the Appointment of Joseph Chordas to the Position of Commissioner on the Planning & Zoning Commission to Fill a Vacancy Which Expires 1/8/98

Motion was made by Mr. Knight to Approve the Appointment of Mr. Chordas, seconded by Mr. Zappala.

Mr. Chordas read his letter of intent to seek appointment to this position into the record.

Ms. Papale stated that Mr. Chordas was unanimously endorsed by the Democratic Town Committee for this position.

VOTE: Duryea, Gouveia and Killen were absent; all others, aye; motion duly carried.

Kathryn J. Wall, Town Clerk, performed the Swearing In Ceremony at this time for Mr. Chordas.

ITEM #3 Consider and Approve a Transfer of Funds in the Amount of \$140 from Seminars and Dues Acct. #001-7011-700-7990 to Transportation - Environmental Planner Acct. #001-7091-300-3200 - Inland Wetlands Watercourses Commission

Motion was made by Mr. Knight, seconded by Mr. Rys.

VOTE: Duryea, Gouveia and Killen were absent; Zandri, no; all others, aye; motion duly carried.

ITEM #4 Consider and Approve a Transfer of Funds in the Amount of \$43,010 from Contingency Reserve for Emergency Acct. #8050-800-3190 to Professional Services Acct. #001-7010-901-9026 (F.Y. '95-96) - Planning & Zoning Commission/Town Planner

Motion was made by Mr. Knight, seconded by Mr. Zandri.

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Thomas Talbot, Assistant Town Planner explained that five proposals were received to perform a land use/traffic analysis of Route 5, three of which were reviewed with the final recommendation made to the Planning Department to hire the firm of Milone & MacBroom (to be performed in association with Harrall-Michalowski).

Mr. Zappala stated that he will be voting in opposition of this study due to the fact that Route 5 has already developed to such a degree that he feels this study is too late. Had it been performed ten years ago the information could have helped prevent the massive development of the area. Nothing will change as a result of this study.

Mr. Zandri stated that the study will be valuable to the Town for it will provide recommendations for future development of remaining land on Route 5. The Town Planner will then make necessary recommendations to the developers to meet the goals and objectives of the study. In essence, it provides the framework for future development. It will be money well spent for a tool which Planning & Zoning will use to make sure that the developers are developing the properties in the best interest of the Town.

Mr. Talbot agreed, adding that the study will assess the potential development of land that could take place along with an inventory of traffic generated currently and projected traffic generation.

Mr. Knight stated that he served on the committee which helped to choose the firm to perform the study. He was very much impressed with not only the firm but the caliber of study they are willing to perform. What we have done for the past few years is react to what the developers have decided to do. We will now have the tools to decide what we want for the Town. A pro-active study will try to obtain a more sophisticated approach for the future of Wallingford in that particular area of Town. A comprehensive, complete analysis of traffic generation and land use is needed. It is money well spent and if we fail to act we will lose control over where we are going with the future of Route 5. He is hopeful that the other Councilors will vote in favor of the study.

Mr. Zappala reiterated his comments that he feels the study is useless for Route 5 has already developed to 80% of its potential.

Mr. Talbot felt that the percentage of development was considerably less than 80% and reminded everyone of the potential of re-development. The Revere Company is a good example of that point.

Mr. Zappala stated that WalMart and K-Mart are already coming to Wallingford. We cannot change the industrial/commercial areas which have already been designated as such. There is no sense in spending \$43,000 to fund a traffic study when both WalMart and K-Mart have already done so themselves.

Mr. Talbot reiterated that there is significantly more potential for development, for instance, the land across from the future WalMart site can be developed. The study will allow the Town Planning

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Department to make a determination of what will happen to such areas and how the progress will effect those individuals who own property on Route 5.

Mr. Zappala stated that it is the job of the Traffic Commissioner to help the Planning & Zoning Commission with regards to recommendations for traffic patterns and how to address problems.

Mr. Rys stated that it does not take one long to see the traffic problems on Route 5 at noon. What will the study give us? There is too much traffic on Route 5 now.

Mr. Talbot responded, it will give the Town an inventory of traffic which will allow us to make a decision on whether or not to allow things to continue in the manner that they do now or whether changes should be made to Zoning regulations.

Mr. Rys stated that the Planning & Zoning Commission had the opportunity to place a moratorium on development in that area.

Mr. Zandri responded that a moratorium would not solve the problem, it simply places undue restraints on developers.

Mr. Zappala asked, how can we undertake such a study while people are currently applying for permits? Doesn't a temporary moratorium have to be levied until a decision is made?

Mr. Talbot disagreed, it takes several months to process applications for major projects.

Ms. Papale stated that the Town should not have to spend money to find out what it wants to do in this area. The Town Planner's Office has the expertise to handle the decision-making process. We should not be in a position where the developers are telling the Town what to do.

George Cooke, 180 Northford Road stated that ten years ago a similar study was brought forth at which time it was determined that the only way to relieve some of the traffic from Route 5 was to bring a road across from Route 5 over the Quinnipiac River and Merrit Parkway to North Turnpike Road. Route 5 is bottlenecked and we will not relieve that situation unless we bring that road over. Money was set aside at that time for the study.

Philip Wright, Sr., 160 Cedar Street asked, what area will this study be targeting?

Mr. Talbot responded, from North Street to the Meriden City Line.

Lucille Tryzcinski, South Elm Street stated that this is more than a traffic study, it is the last hope to have control over what will happen to Route 5. We are at the mercy of the Planning & Zoning Regulations as they currently exist.

Pasquale Melillo, 15 Haller Place, Yalesville stated that Planning & Zoning should perform their own study, they have the expertise to do

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so. Too many departments are allowed to go out to bid for consultants to perform studies when we have capable employees who can do the job just the same.

VOTE: Duryea, Gouveia and Killen were absent; Knight and Zandri, aye; all others, no; motion failed.

ITEM #5 Consider and Approve a Transfer of Funds in the Amount of \$5,200 from Registrar of Voters Postage Acct. #001-6010-400-4080; \$4,800 from Primary Elections Election Workers Acct. #001-6011-100-1350 and \$6,000 from Insurance Self-Insurance Claims Acct. #001-8040-800-8280 for a Total of \$16,000 to Law Department Professional Services Acct. #001-1320-900-9010 - Dept. of Law (F.Y. '94-95)

Motion was made by Mr. Knight, seconded by Mr. Rys.

Prior to this item being taken up for consideration Attorney Janis Small left the Council Chambers for a short period of time. When the item came due for discussion the Council decided to table it until Attorney Small returned to the meeting.

Motion was made by Mr. Knight to Table This Item, seconded by Mr. Rys.

VOTE: Duryea, Gouveia and Killen were absent; all others, aye; motion duly carried.

ITEM #6 Consider and Approve a Transfer of Funds in the Amount of \$2,200 from PT Video Technicians Acct. #1303-100-1350 to LHHS-SHS Championship Ceremony Acct. #1300-600-6030 - Mayor's Office

Motion was made by Mr. Knight, seconded by Mr. Rys.

VOTE: Duryea, Gouveia and Killen were absent; all others, aye; motion duly carried.

ITEM #5 Remove from the Table to Consider and Approve a Transfer in an Amount Totalling \$16,000., seconded by Mr. Zappala.

VOTE TO REMOVE FROM THE TABLE: Duryea, Gouveia and Killen were absent; all others, aye; motion duly carried.

This transfer is being requested for the purpose of allowing the Law Department to process for payment bills for professional services rendered during the 1994-95 fiscal year.

Mr. Knight asked, why can't we pay attorney fees as we go?

Attorney Small stated, we normally do. Part of the fees cannot be paid as we go because the services are linked to labor issues dealing with different departments. She forwarded letters to the firms of the outside counselors requesting figures for services rendered to the end of this fiscal year. Some labor issues were substantial and there are several briefs that are due at this time. There are also a few pending arbitrations that are major tasks at this time.

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Attorney Small went on to say she would need to keep in more direct contact with the firms, which could end up costing the Town more money to do so. She offered to hold discussion at the onset of hiring an outside firm and to place an encumbrance on funds for their services at that time. She would then have to revisit the account on a monthly basis to maintain a projection of what the costs are amounting to. The services rendered are not only reviewed by the Department of Law but also by the department that the firm is dealing with. The department updates Attorney Small on current charges and whether or not they are a true reflection of services rendered. She will consider requesting an informal statement of costs from the outside firms on a monthly basis with the hopes that it will not cost the Town more to obtain them.

VOTE: Duryea, Gouveia and Killen were absent; Zandri, no; all others, aye; motion duly carried.

Motion was made by Mr. Knight to Move Agenda Addendum Items #16 & 17 Up to the Next Order of Business, seconded by Mr. Rys.

VOTE: Duryea, Gouveia and Killen were absent; all others, aye; motion duly carried.

ITEM #16 Consider and Approve a Transfer of Funds in the Amount of \$500 from Utilities - PW Gen. Acct. #001-5030-200-2010 to Utilities Fairfield Blvd. Acct. #001-5260-200-2010 - Dept. of Public Works

Motion was made by Mr. Knight, seconded by Mr. Rys.

Philip Wright, Sr., 160 Cedar Street asked, how much money has the Town spent so far on this building?

Henry McCully, Director of Public Works responded, \$1,000. to pay outstanding bills since the Town has closed on the building. He is still receiving bills at this point. The funds being requested this evening will pay the last of the bills to the end of the fiscal year.

Mr. Wright asked if the Town has gone out to bid for the architect for Fairfield Blvd. yet?

Mr. McCully responded, we selected Lazarus & Sargent as our architect last week. They were awarded the bid. A meeting has been held with the Recreation Department, Youth Service and Government Access Television Departments regarding the building for those are the departments who will move there once the project is completed.

Mr. Wright asked, how many firms bid on the project?

Mr. McCully responded, there was a total of nine.

Mr. Wright asked, what the spread between the highest and lowest bidders?

Mr. McCully responded, the lowest was \$87,000 and the highest was

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\$278,000. The second lowest bidder submitted a bid of \$89,000., the next highest was \$97,000. and the next was \$110,000.

VOTE: Duryea, Gouveia and Killen were absent; Zandri, no; all others, aye; motion duly carried.

ITEM #17 Consider and Approve a Transfer of Funds in the Amount of \$7,500 from Regular Wages & Salaries Acct. #001-1401-101-1000 to Professional Services Acct. #001-1401-901-9007 - Comptroller

Motion was made by Mr. Knight, seconded by Mr. Rys.

Pasquale Melillo, 15 Haller Place, Yalesville, asked for some specifics around the issue.

Eva Lamothe, Deputy Comptroller explained, there are currently two employees of the Purchasing Department who are out on medical sick leave. Mr. Pedersen would like to hire a temporary replacement from an outside firm.

VOTE: Duryea, Gouveia and Killen were absent; all others, aye; motion duly carried.

PUBLIC QUESTION AND ANSWER PERIOD

Pasquale Melillo, 15 Haller Place, Yalesville warned the taxpayers of Wallingford to beware of huge tax increases that will allegedly be visited upon them in the upcoming years due to the school building project, Community Pool renovations and a Municipal Golf Course.

Mayor Dickinson responded it is safe to say that if you add cost of operations to capital costs it will increase the amount of revenue you need which means that you must increase taxes. If you increase your expenses, whether debt or operating expenses, you will increase the need for revenue which means that it would have to come from other sources State or Federal or it must come from local taxpayers.

Mr. Zandri stated, it does not necessarily mean that when your expenses go up the taxes will go up, it is not a definite. A prime example of that is this year's budget. The overall expenditure of the Town went up this year but the taxes, in essence, went down. It is a variable that goes from year to year depending on circumstances of the Town.

Mayor Dickinson stated, that is true but as a general rule, increasing expenses will increase the tax burden. History shows that you generally have more tax increases than you have tax decreases and it is because of the additional need for revenue. Sometimes when additional funds become available such as grants which offset needs, expenses can essentially go up but are offset by such grants.

Mr. Melillo asked the Mayor if he would be willing to use the \$5 million or \$6 million dollars of the Electric Division reserves to eliminate mounting increases to the taxpayer and if done would the Town have its credit rating lowered by the rating agencies?

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Mayor Dickinson responded, of the Electric Division reserves there is only approximately \$3 million to \$4 million that may be available for any other purpose. The Electric Division is facing \$11 million to \$15 million worth of new projects so it would only increase the need for borrowing in the Electric Division which would increase rates there. It becomes a shell game. You are just changing where the money will be spent, in the rates or in the taxes. It does not create new money. If the Electric Division has no need for the funds that they have then we could view it as a total surplus and it won't hurt anything. Again, the division is facing \$11-15 million worth of necessary improvement capital costs.

Mr. Melillo asked that the Mayor and Town Council get together to gain a sense of how we can prevent the huge tax increases looming ahead.

Peter Wasilewski, High Hill Road stated that he has appeared before the Council several times over the past four years, has spoken to Ms. Papale and other Councilors with regards to his complaint and they have suggested following the rules of government to take the issue through the proper chain of commands. He has done precisely that but feels it has been to no avail.

Mr. Wasilewski stated that he has been fighting with Bristol Myers over their helipad for over four years while spending thousands of dollars in court to do so. In October of 1994 he filed a complaint that their existing helipad violates the performance standards in the Planning & Zoning Regulations of the Town. The Town hired a noise expert and in March of this year had that expert come out and test the helipad to find that it is in violation of the performance standards. In May of this year after nothing had been done, he contacted both the Mayor's and Town Attorney's offices. A letter was written by the Town Attorney's Office on May 31st to Attorney Hammer of Bristol Myers. He quoted the letter to read, "Please advise us as to how Bristol Myers expects to bring the use into compliance. Please respond by June 9th. Failure to respond with an appropriate plan to bring the use into compliance will result in a cease and desist order." A copy of Bristol Myers June 7th letter states absolutely nothing about a plan to put that helipad into compliance for those helicopters. Last night the Planning & Zoning Commission held a workshop to deal with the performance regulations, the standards that are set in the Industrial Expansion Zone are there for the protection of the residents. He has been informed that the commission is considering eliminating the performance standards and a public hearing to that effect has been scheduled at the meeting last night. It is expected that Bristol Myers will be "grandfathered" in on the issue. Is government for the people or is it strictly for big business? Are these idle threats made by the Town? When will the cease and desist order be issued? There has been no plan of compliance.

Attorney Small stated that the Planning & Zoning Commission will consider revising its regulations on July 10th based upon the hired expert's recommendation that the performance standards, as written, are obsolete and should be dealt with in some manner. The Planning Department has obtained regulations from various towns as to how they have dealt with it. At the workshop last night the members of the

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commission who were present put together what they would like to have go to a public hearing. She is not sure if it will pass or not. In the meantime she informed Bristol Myers that they are in violation and are supposed to comply. Their response to her letter did not provide an answer as to how they were going to comply, they basically complained in the letter and were confused as to why the Town was pressing the issue when an expert, hired by the Town, recommended that the Town change its regulations and update them. She informed their attorney that she was not sure what the commission would do with regards to the regulations and that they needed to comply to the performance standards presently in effect. She has requested that they provide her with information with respect to what landings they anticipate in the future. She feels that she will need to have documentation of them having landed on the helipad since advising them that they are not in compliance. She will have to catch them in the act of landing on the helipad and once done she will have the Planning Department send a more formal notification of a cease and desist.

Mr. Wasilewski responded that he is able to provide the necessary documentation to Attorney Small that she is requesting.

Mr. Solinsky asked, how often do they use the helipad, daily?

Mr. Wasilewski responded, some weeks it is daily, two and three times a day and other weeks they don't use it at all. They do not have a set schedule. The expert hired by the Town states that the Town has stringent regulations. There are still states and towns that use our particular type of performance standards. He is asking the Town to stand behind what the Town Attorney printed in the letter, to cease and desist since they have violated the regulations.

Mr. Solinsky asked the Town Attorney, when will the order be issued, when the records of violations are received by her office?

Attorney Small responded, Mr. Wasilewski's records will be of some assistance to her and she did ask for information from Bristol Myers' attorney again.

Mr. Wasilewski reminded Attorney Small that Bristol Myers has to file flight plans twenty-four hours prior to an event. Why not obtain them?

Attorney Small will ask Bristol Myers' attorney once again for such information but cannot demand that they make it available to her if they don't want to.

Mr. Solinsky asked Mr. Wasilewski to provide his information to Attorney Small so she can contact the attorney for Bristol Myers and try to resolve the issue.

Mr. Wasilewski agreed to.

At this time Mr. Zappala took the opportunity to congratulate and commend the Korean Veterans Memorial Committee for a job well done on

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Sunday with the unveiling of the monument. Not only did they clean and beautify the other two monuments but made the front of the Town Hall look much nicer.

ITEM #9 PUBLIC HEARING to Approve a List of Municipal Projects to be Submitted to the State of Connecticut Under the Neighborhood Assistance Program - Program Planner

Motion was made by Mr. Knight to Open the Public Hearing, seconded by Ms. Papale.

Correspondence from Don Roe, Program Planner, along with an attached resolution authorizing the Mayor to Apply for State of Connecticut Neighborhood Assistance Funding was read into the record (Appendix I).

A summary list of programs is attached to these minutes (Appendix II).

Motion was made by Mr. Rys to Approve a Resolution Authorizing the Mayor to Make Application to the State of CT. Department of Revenue Services for the Neighborhood Assistance Program, seconded by Mr. Zappala.

VOTE: Duryea, Gouveia and Killen were absent; all others, aye; motion duly carried.

ITEM #7 Consider and Approve the Bid Waiver List for F.Y. 1995-96

Motion was made by Mr. Knight, seconded by Ms. Papale.

Robert Pedersen, Purchasing Agent for the Town and Guy Casanova, Assistant Fire Chief were present for this item of discussion.

Mr. Pedersen explained that the bid waiver request format has been revised to reflect a merge of the Town-wide and departmental lists. Representatives are present from each individual department to support their respective requests. The number of bid waiver requests is the same this year as last, forty-nine (49) but it does represent some additions and deletions. Some of the previous requests have been deleted due to a product or service being placed out to bid or a department did not require a bid waiver due to an expected decrease in expenditures with a particular vendor. Back in F.Y. 1991-92 the bid waiver list comprised of one hundred fifty-five (155) requested bid waivers. The hard work involved to reduce the number of requests has paid off.

Mr. Zandri stated for the record that he feels that bid waivers are justified for single items which cost over \$2,000., however, he does not feel that a bid waiver is necessary for small items which, over the course of the year, accumulate to a total of \$2,000. His philosophy will effect the way he votes on each department's bid waivers.

Mr. Solinsky offered all Councilors the option of voting on each item on the individual departmental bid waiver requests.

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Motion was made by Mr. Knight to Accept the Bid Waiver Requests for the Fire Department for F.Y. 1995-96, seconded by Ms. Papale.

The bid waivers are requested for C-MED, Chicks Used Auto Parts, Dick's Paint & Hardware and Shipman's Fire Equipment Co., Inc.

Mr. Zandri asked, what do we buy from Chicks Auto Parts, Dick's Hardware and Shipman's Fire Equipment and what dollar amounts are associated with each vendor?

Asst. Chief Casanova explained that Chicks Used Auto Parts maintains the electrical systems of the department's apparatus, it is usually emergency repair work. The department's factory authorized mechanic takes the department's alternators and electrical systems there for repair.

Mr. Zandri asked, do the requests for alternator and/or electrical repairs usually total more than \$2,000 at any given incident?

Asst. Chief Casanova responded, no.

Mr. Zandri could not support the bid waiver for that particular vendor. He stated that if a repair is emergency in nature then the department has all the right in the world to have it done, they don't need a bid waiver to do so.

Pasquale Melillo, 15 Haller Place, Yalesville supported the bid waiver request for this department.

VOTE: Duryea, Gouveia and Killen, were absent; Zandri, no; all others, aye; motion duly carried.

Motion was made by Mr. Knight to Accept the Bid Waiver List for F.Y. 1995-96 for the Police Department, seconded by Mr. Rys.

The bid wavier requests were for CT. Driveshaft, Fazzino's Hardware and Xerox.

VOTE: Duryea, Gouveia and Killen were absent; Zandri, no; all others, aye; motion duly carried.

Motion was made by Mr. Knight to Approve the Bid Waiver List for F.Y. 1995-96 for the Public Works Department, seconded by Ms. Papale.

The bid waiver requests were for F.S. Payne Co.; Chick's Used Auto Parts; CT. Driveshaft; Dick's Paint and Hardware; Truck Parts and Waltsco.

VOTE: Duryea, Gouveia and Killen were absent; Zandri, no; all others, aye; motion duly carried.

Motion was made by Mr. Knight to Accept the Bid Waiver List for F.Y. 1995-96 for the Electric Division, seconded by Ms. Papale.

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The bid waiver requests were for American Public Power Assoc.; APTUS Environmental; CL&P/Northeast Utilities; Precision Power, Inc.; Northeast Public Power Assoc.; Radix Corporation; UNISYS and State of CT/Bureau of Purchases.

VOTE: Duryea, Gouveia and Killen were absent; Zandri abstained; all others, aye; motion duly carried.

Motion was made by Mr. Knight to Approve Bid Waivers for the Water and Sewer Division for F.Y. 1995-96, seconded by Ms. Papale.

The bid waiver requests were for Dick's True Value Hardware; Fazzino Auto Supply; EML; IBM; Pollard Underground/J. Pollard; Systems Development; TI Sales; CRRA and MDC.

Mr. Knight asked, what does Dick's Hardware provide that draws all the departments to buy there vs. any other place?

Mr. Pedersen explained it may be a matter of selection, availability, convenience, etc. Fazzino's & Dick's are the two main stores for the various departments to use. A third store is used once in a while by some departments but it does not add up to \$2,000 per year.

Mr. Knight asked, does a firm's exclusion from this bid waiver list make a Town employee reluctant to use such a firm for fear that the total services rendered for the year could approach \$2,000.?

Mr. Pedersen responded, that would only be a constraint if that department were approaching the bid limit but you would probably find that in the individual cases they may spend only a few hundred dollars there.

Mr. Knight asked, how does a firm attract attention to those who are making the day to day purchases so as to be included in the system of purchases?

Mr. Pedersen felt that it was not appropriate for him to answer that question. The individual departments make those decisions. The fact that one store is closer to another could be an overriding issue of who gets the business.

Mr. McCully responded, Dick's Hardware is located at the end of the street that the Public Works Department is located on. His store may receive more business due to that fact. If maintenance personnel are in the center of Town then they will go to Reliable Hardware for keys. It is a matter of convenience or location.

VOTE: Duryea, Gouveia and Killen were absent; Zandri, no; all others, aye; motion duly carried.

Motion was made by Mr. Knight to Accept the Bid Waiver List for F.Y. 1995-96 for the Board of Education, seconded by Ms. Papale.

The bid waivers requests were for Carter-Pertaine; Delta Management; Dick's Paint & Hardware; Fazzino's Auto Parts; G.C. Moore;

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Hewlett-Packard; Hunter's Ambulance; Meriden Yellow Cab; Monitor Controls; Pitney Bowes; Plunsk's Garage; Professional Wheelchair; Siegel, O'Connor, Schiff; Sullivan, Lettick & Schoen; WilTel Communications and Xerox.

Mr. Zappala asked, why is Yellow Cab on this list?

Joseph Cirasuolo, Superintendent of Schools responded, there are students who, by virtue of their individual education plans that we have to abide by, do require the kind of transportation that can only be provided most economically by getting them a cab. We tried every way to find a less expensive means of transporting them but this was the least expensive option open to the Board.

Mr. Knight asked, where are the students going primarily?

Dr. Cirasuolo responded, to various places throughout the State. If they are going to ACES then we generally have them on a bus with other students. It is usually a situation where we are sending children to a location where we have no other children being transported to and we cannot link them up for rides with another school system.

Mr. Knight asked, is Meriden Yellow Cab the exclusive vendor for this type of transportation?

Dr. Cirasuolo responded, they are for this, yes.

John Quinn, Business Manager of the Board of Education responded, the first place that the transportation director looks is to Double A Transportation who has our contract. If it is less expensive going out then they go to Meriden Cab.

Mr. Knight asked, would this type of service lend itself to an annual bid on a mileage basis?

Mr. Quinn responded, he would have to look into it. There are so many unique situations that the firm would have to have a great deal of flexibility as well as good quality vehicles, a certain level of insurance and a high caliber of drivers.

Dr. Cirasuolo stated, the last time this issue was reviewed, approximately one year ago, Meriden Yellow Cab was the only vendor close enough to Wallingford who met all the criteria that was mentioned.

VOTE: Duryea, Gouveia and Killen were absent; Zandri, no; all others, aye; motion duly carried.

Motion was made by Mr. Knight to Approve Bid Waivers for the Finance Department, seconded by Mr. Zappala.

The bid waiver requests were for IBM; Cole Layer; R. Walsh Associates and Xerox.

VOTE: Duryea, Gouveia and Killen were absent; Zandri, no; all others,

aye; motion duly carried.

Mr. Solinsky asked Mr. Pedersen if he had any problem with the Council entertaining the motion of adding the Planning Department to the bid waiver list for a recording secretary?

Mr. Pedersen responded, no.

Mr. Knight made a motion to Accept a Bid Waiver Request for a Recording Secretary for Planning & Zoning for F.Y. 1995-96, seconded by Mr. Rys.

The bid waiver request was for April Panagrossi.

VOTE: Duryea, Gouveia and Killen were absent; All others, aye; motion duly carried.

The Chair declared a five minute recess at this time.

ITEM #10 Consider and Approve Granting an Easement to Sunwood Development Corporation for Grading on Woodhouse Avenue as Requested by Attorney Joan C. Molloy.

Motion was made by Mr. Knight, seconded by Mr. Rys.

Attorney Joan C. Molloy of the firm Loughlin, Henrici, Molloy & Rizzo, 150 South Main Street introduced Robert Weiderman Jr. and Robert Weiderman, Sr., Principles of Sunwood Development Corporation to the Council.

Sunwood Development Corporation is currently pursuing an application for subdivision approval for property owned by a family off of Woodhouse Avenue. Since the property fronts on the State highway, D.O.T. approval was sought for the intersection between Sunwood's proposed road and Woodhouse Avenue.

Richard Doll, Traffic Officer of Wallingford met with Attorney Molloy, Sunwood Developers and D.O.T. Personnel. The result of the meeting was a proposed 450' sight line on Woodhouse Avenue. Such a sight line required an easement from the Town of Wallingford. On April 25, 1995 a written request was made to Mayor Dickinson requesting an easement to permit some grading and some clearing on approximately twenty feet of Town property on the opposite side of Woodhouse Avenue. On May 30, 1995 Attorney Molloy received a letter from the Mayor indicating that it was the conclusion of the administrative staff that there was a lack of a clear municipal interest in allowing the work and therefore they were not going to pursue granting an easement. Based on that decision Sunwood went back to D.O.T. who determined that the sight line improvements within the State right of way would be sufficient and signed off on their proposal. On June 12, 1995 she advised Planning and Zoning of both the Town's and D.O.T.'s actions. Officer Doll again expressed concern that even though Sunwood met subdivision requirements and had D.O.T. approval, he wanted to have the approved sight line. She did not want to speak for the P&Z Commission members she felt it was fair to say that they were unsure why the Town would

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not grant the easement when the Police Department believed it to be an important issue. Attorney Molloy and her client was asked directly by the P&Z Commission to come directly to the Council.

Mr. Rys asked if the Town's Engineering Department has been consulted on this?

Attorney Molloy stated, it is her understanding that the Engineering Dept. was in favor of the improved sight line.

Mayor Dickinson stated, that the Engineering, Police, Fire, Utilities and Planning & Zoning Departments have all met with regards to this issue. With the "S" curve currently configured there is no record of any accident problems in that area. The concern would be, once you have a curb cut or residential road on Woodhouse Avenue at the location proposed, that would create some hazard in the "S" curve. Hence, Officer Doll's belief that you would have to improve the sight line because of the inability to see down the road. When we reviewed the situation, some twenty-six trees would have to be cut down on Town property in order to allow for the re-grading. Engineering Department has indicated that it would not hurt to improve the sight line but they also agreed that this did not indicate in any way a re-building of the "S" curve. The significance may not be as great as if we were talking about an improvement to the "S" curve. On balance, he (Mayor) felt that the cutting down of the trees and relative municipal interest involved, it was minor compared to what the Town was being asked to allow to have happen on Town property. We could not endorse or recommend it at this point in time.

Mr. Rys asked, are there guardrails on the side of the curve we are referring to along with a sharp bank? Do you have to cut into the bank too?

Mayor Dickinson responded, there are no guardrails on that side of the curve and yes, you would have to cut into the bank.

Attorney Molloy agreed.

Mr. Rys asked, did Planning & Zoning suggest coming before the Council or just the Police Department?

Attorney Molloy responded, because Officer Doll was fairly adamant at the last P&Z meeting about how he thought the longer sight line was very important, various P&Z commission members indicated that they thought it was best if she come directly to the Town Council and ask for the easement.

Mr. Rys asked, would the easement involve re-building the road in that area?

Attorney Molloy answered, no. We would be cutting back the hill, removing some trees, there would be a two to one (2 to 1) grade. People coming up the curve then could see further down Woodhouse Avenue then they can right now.

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Mr. Rys asked, that is the curb that has the storm drain right on the curb where you lose control of your vehicle every time you hit it, right?

Mr. Rys' statement was determined to be correct.

Mr. Zandri asked, is that the only place to locate the road to the subdivision?

Attorney Molloy responded, this property has very little frontage on Woodhouse Avenue, therefore we have put the road on the extreme northerly edge of the property. It cannot be put on the south side of the property due to the fact that there is a short piece of frontage on Woodhouse and the ravine is located there for the brook that runs through.

Mr. Zandri stated, it appears as though the client's property abuts all around the "S" curve.

Attorney Molloy displayed a subdivision map to the Council to give them a better idea of the location of the subdivision property.

Mr. Zandri asked the Mayor if he anticipated any potential use of the easement property by the Town that is being requested this evening by Attorney Molloy's clients?

Mayor Dickinson responded, it is not ownership they are looking for, they are looking for a construction easement.

Mr. Zandri responded, once they have an easement the Town will not be able to perform any development.

Mayor Dickinson responded, the easement would cease at the point that the construction is completed.

Mr. Zandri stated, he realized the Town would still own it but the developer would have a line of sight easement forever.

Mayor Dickinson stated, at the point that this is a safety issue, the Town would not allow anything to happen there to interrupt the sight line unless the road were moved to a different location.

Mr. Zandri stated, if we give up the easement it is his understanding that the Town would be prohibited from blocking it at any future time, that sight line easement.

Mayor Dickinson answered, at the point that you give the easement to satisfy sight line requirements for the new residential street to go in, we would be at a difficult position from a public safety standpoint to interrupt that sight line again. That is correct, he did not know whether or not legally the Town would be prevented but the Town would open itself up to lawsuits if there were an accident and then were shown that that was supposed to be a sight line and no longer is. We would be violating our own standards.

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Mr. Zandri stated, it is his understanding that once the Town grants an easement then we forfeit the use of that, depending on what the easement is for. In this case he thinks the Town would be giving up the right to utilize that property if you block that sight line.

Mayor Dickinson responded, if the easement were written that way then we would.

Mr. Zandri asked Attorney Molloy, what is the easement being requested for?

Attorney Molloy responded, simply for an easement for the purpose of re-grading and clearing trees in order to create the two to one (2 to 1) slope that would permit the sight line easement.

Mr. Zandri asked, after that if, two months later, the Town came back and filled in the area it would not make a difference?

Attorney Molloy responded, she felt that the Town would not want to do that. From comments heard at the various public hearings the general public would be benefitting from this.

Mr. Zandri agreed that the general public would benefit, however, he finds it surprising that it is an easement that would not have to last forever.

Mr. Solinsky agreed that the developer would have to maintain that easement.

Mr. Zandri stated, he was under the assumption that it was an easement that the Town would be giving up and he wanted to make sure that the Town did not have any use for it in the future before making his decision.

Mr. Zappala stated, that spot on Woodhouse Avenue has to be one of the Town's most dangerous portion of road to travel. He travels the road every day and even if you clear the bank on the right side which gives you a slight view of the road you intend to open, what is to say that trees won't grow and brush won't follow and the view, once again, becomes blocked? Not only will you have to eliminate the bank on the right along with the trees but also the down slope of the road, itself, will never give you the clear view that Officer Doll is looking for. It is too close to the curb. That is why it is very dangerous to put a road in that particular spot. He would never want to be associated with helping a dangerous situation exist. A different road should be taken to achieve the development Sunwood is looking for. He was not opposed to developing the land but the Town must be very cautious to a dangerous situation it could help to create. He is opposed to approving the easement.

Mr. Zandri asked, has the client obtained Planning & Zoning approval for this?

Attorney Molloy responded, no, there is no approval for the

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subdivision. It is fair to say that the commission wanted her to at least address this issue with the Town Council before voting on approval. The State has given her client permission to put a 355' sight line with the State right-of-way. They have signed off or given approval for the intersection. But because Officer Doll believes that the 455' is even better, the commission wanted her client to come before the Council to see if they could obtain the easement.

Mr. Zandri asked, where do you stand without the easement?

Attorney Molloy responded, in looking at the P&Z regulations, you are only required to have 350' of sight line for subdivision in this zone and type. It is her position that they fall within the regulations. It is not for her to decide whether or not the commission is in agreement.

Attorney Small stated, the commission will take the position....or at least the Town Planner, Officer Doll and herself would take the position that a minimum of 350' is required but the commission could take the position that Officer Doll's recommendation to have 455' would be safer and deny the application based on that fact. It would then become a legal battle to decide the issue.

Attorney Molloy stated, her client is happy to perform the work if the easement is granted.

Ms. Papale asked, did the P&Z commission ask you to come to the Council because it is the Town's property and any transaction having to do with Town property has to come before the Council?

Attorney Molloy responded, the sense that she got was that the commission felt that the ultimate deciding authority is the Town Council on use of Town property.

Ms. Papale asked, did you get the impression from P&Z that if the site line was improved to Officer Doll's satisfaction they would grant approval for the subdivision?

Attorney Molloy responded, she believed that Officer Doll was not opposed to the subdivision if the developer had the 455' sight line.

Ms. Papale asked, is there any other location to build the road on the property?

Attorney Molloy responded, there are two roads on the property, one is coming out onto Halsey Drive and the other is coming out onto Woodhouse Avenue. There is a lot of wetlands throughout the property and the Inland Wetlands Commission was in favor of doing as little as possible in any area effecting such wetlands. It was actually Inland Wetlands' determination of how to protect the watercourses which run through this property that got them to come up with the plan that they have submitted to P&Z. It is not the original plan that was submitted.

Mr. Zandri recommended that Attorney Molloy go back to P&Z with this

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to obtain approval based on the guidelines that the developer can work with. At that point if approval had been granted he, personally, would be willing to reconsider the issue from the Council's standpoint. With the facts before him this evening he would have to vote in opposition of granting the easement.

Pasquale Melillo, 15 Haller Place warned that the Town could be held liable if it helps to create a dangerous situation.

Mayor Dickinson responded, the increase in liabilities whether the Town's or anyone else's would be as a result of an increase in traffic.

Bill Austin, 30 Northford Road stated that he is a strong advocate of open space and to use Town-owned property which was acquired for open space purposes seems contrary to the actual action that is being proposed. In order to perform the sight line improvements 5,100 cu. yds. of soil must be removed along with a number of trees. He opposed the action being requested this evening and asked the Council to do the same.

Robert Beaumont, 16 Orchard Lane stated that he had a hard time accepting the idea of the Town granting any type of easement on property that was acquired for open space, especially property that would have to be cleared such as this. He questioned whether or not that area should be developed to begin with. He encouraged the Council to vote in opposition of this matter.

Phyliss Corneal, East Main Street stated that by reading the agenda there was no way to tell that the Council was going to be considering the issue of destroying a portion of the Tyler Mill area. She hoped that nothing would happen out there.

No action taken.

ITEM #11 Consider and Approve a Waiver of Bid Authorizing the Execution of an Agreement to Lease Town Property (American Legion Building) as Requested by the Mayor's Office

Motion was made by Mr. Knight, seconded by Ms. Papale.

Mr. Zappala asked the Mayor to explain the terms of the agreement to the Council.

Mayor Dickinson explained that the lease provides for the complete responsibility of maintenance and repair of the building to be in the tenant to lessee, Paul Pizzo Architectural firm. The lease is for ten (10) years, terminated with one year's notice by either party for any reason(s). The requirement that no more than twenty-four (24) people be employed by the firm is meant to control what kind of codes would have to be met. The architectural firm would have to bring the building into code compliances as municipality or commercial interest would have to meet and would have the use of the structure along with parking spaces numbered in accordance with Planning & Zoning Regulations. The remainder of the property could be used by the Town

for other purposes. He feels that it is a way to keep the building in repair until such time as the Town was in need of the property.

Mr. Zappala asked, will the Town be able to utilize the parking lot at all?

Mayor Dickinson responded, any of the property beyond the ten spaces needed by the firm will be available to the Town for use. The lease provides that the Town will not have any responsibility for maintaining or plowing the parking area for the ten spaces until such time as the rest of the property became dedicated to the use for employees or public for the use of the municipal building. At that time we would do that whole parking area. Until the time that we join the two areas together or make it available in some other way for those who use the Town Hall, it would be the responsibility of the lessee or the tenant to maintain and plow those ten spaces.

Mr. Zappala asked, how will the Town supervise the renovations?

Paul Pizzo of Paul Pizzo Architects responded, what his firm is planning to do is invest approximately \$20,000 to get the first floor of the structure in operation. He currently has six employees and only requires the first floor space for the time being. If and when they improve upstairs then more money will have to be invested. The process of renovations will be phased in. We have to make it accessible under the ADA (American Disability Act) guidelines, generally clean up the space along with repairing the mechanical systems. They are not looking to spend \$50,000 now for the Town can turn around tomorrow and say that they want the building back in a year.

Mr. Zappala stated that he thought the investment of \$20,000 did not amount to an awful lot of improvements for free rent (It is noted that the firm will pay the Town a fee of \$1.00 per year for rent).

Mr. Solinsky asked, did this go out for R.F.P. (request for proposal)?

Mayor Dickinson responded, no, Mr. Pizzo and the American Legion expressed interest in using the building.

Mr. Solinsky asked, wasn't it agreed upon that the Town would go in the direction of seeking R.F.P.'s?

Mayor Dickinson responded, that's correct, it had been considered.

Mr. Solinsky wanted to see if other firms exhibited interest in this building, to be fair.

Mayor Dickinson stated, that's possible, however here we have someone who is very interested in the building and he (the Mayor) knew that there is concern about the fact that the Town is not budgeting any money for maintenance of this structure not to mention that there is an issue over not wanting to tear the building down. There was a time constraint with Mr. Pizzo as far as needing to leave the space he currently occupies in New Haven and he (the Mayor) did not want to

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lose this opportunity to have the building utilized if it met with everyone's approval.

Mr. Knight stated, it seems that we are not requiring an awful lot, specifically, to be done to the building in order to make it useable. After ten years the tenant hits the road and will we be any better off? At a previous meeting the Mayor stated that it would cost approximately \$100,000 to renovate the building to the extent that it complies with all ADA guidelines not to mention required state and municipal code regulations. Mr. Pizzo will be making only minor renovations and after ten years what will the Town be left with?

Mayor Dickinson responded, in the long run he did not believe that the Town would want to keep the building. It will not be cost effective for that building to be there at the point that we need more space for the municipal building. It is counter productive. We did not buy the property for the building. There is no identified use of that building for municipal purposes. For us to embark in any direction that would have us putting money into another separate structure...we would probably need an elevator unless you can contain uses on the first two floors. Significant costs come into the picture with the utilization of a second floor. One of the most costly ways for government to function is to create separate offices and deal with multiplication of copiers, phone systems, heating systems, etc. He failed to see that to be in the best interest of the public.

Mr. Knight asked, wouldn't it make sense to have a long term solution for this building or at least have a sense of where we are going with it? He understood the Mayor's point of view, however, he did not concur with it. We could potentially have a win/win situation if we did have a tenant who was willing to invest the funds that would bring the building up to the necessary condition for the Town's use. The firm would not only have economical space for ten years and the Town would be left with a structure that is ready to be used. If you compare the cost of renting 2,000 sq. ft. in the center of Wallingford with having to take out a mortgage and improve that existing property, it is still economically sensible to fix it up for a private party.

Mayor Dickinson responded, maybe we will get someone who will do that. He did not feel that, given the time constraints that Mr. Pizzo communicated to his office, that he could rightfully sit back and say that we will have other offers. If those offers did not come in, Mr. Pizzo may not have been willing to go ahead with this proposal after the fact. There are not too many people who would want to put \$20,000 into a structure for only ten years use.

Mr. Knight responded, Mayor, that is \$2,000 a year for rental of a house. That is not bad.

Mayor Dickinson responded, but there is no assurance that the individual will have the use of the building for the full ten years. The lease is terminable with a year's notice. He may only use it two years and have the lease terminated by the Town.

Mr. Knight suggested considering an agreement that is not so

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open-ended or close-ended.

Mr. Rys stated, he was under the impression that when the Town purchased the house it would be taken down and to this date he still sees it that way. The Town should not be engaged in a real estate business at the cost of the taxpayers.

Mr. Zandri would like the Town to solicit R.F.P.s for the building with the intent of leasing the building.

Ms. Papale had hoped that the building would not be torn down but does not also want to see it boarded up and vacant. She feels that the Town could obtain a win/win situation if it solicits R.F.P.s for leasing the building. No matter who leases the building they will be operating a business from it and will take pride in the condition of the structure, maintaining it as they go. The Town is better off with a deal rather than having no one at all in the building.

Mr. Zappala stated that he has a problem with the lease for nowhere does it state how much money will be spent to renovate the building.

Mr. Pizzo has met with the Fire Marshal and Town building officials to get the specifics of what they would require to satisfy the Mayor as to what improvements would be necessary immediately. Beyond that is the repair of the heating system which is not up to code, and the air conditioning. There is space in the Town of Wallingford, with utilities, for \$3.00 to \$4.00 a square foot which is an incredibly low rent. He could move into one of those spaces within one week's time. The rent for the first year may be fifty percent (50%) more than it would be to just pay the utilities to keep the building in question going. He appreciates the South Main Street environment and is willing to take the risk to spend the \$15,000, \$20,000, \$25,000 that it will take to get the building up and running.

Mr. Zappala reiterated his feelings that he is uncomfortable with the fact that nowhere in the lease does it state how much money Mr. Pizzo will spend and to what extent the work will be performed. Mr. Pizzo may go in tomorrow and paint the walls, install a sidewalk, put in a handicapped access ramp and do nothing else and for ten years pay \$1.00 per year.

Mr. Pizzo reminded Mr. Zappala that those minor renovations would not satisfy the codes which are the determining factor.

Philip Wright, 160 Cedar Street asked, how many parking spaces will the Town Hall acquire once the firm takes the spaces it needs for the building?

Mayor Dickinson responded, he was not sure if that was ever determined. The rear of the building accommodates thirty-forty (30-40) parking spaces. We may end up with twenty (20).

Mr. Wright asked, will the Town spend any money to join the two parking areas?

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Mayor Dickinson responded, he has no immediate plan to do so.

Mr. Wright asked, how does this fit in with the acquisition of the Lacey Property (Prince Street)?

Mayor Dickinson responded, that was purchased for the purpose of providing better access off of Prince Street and prepare the Town Hall's general foot print along Prince Street as well as South Main Street for the future at such time as additional space should be necessary. The minor, immediate gain would be eight to ten (8-10) additional parking spaces.

Mr. Zappala corrected the Mayor, stating that seventeen (17) parking spaces will be gained.

Mr. Wright questioned whether or not we can derive some benefit by utilizing the Lacey Property the same way we are trying to do with the American Legion property?

Mayor Dickinson stated, neither property was purchased with the intent of utilizing the structures but were done so with an eye on the future when the square footage they exhibit would be necessary for the Town to occupy for planned improvements to the Town Hall. For us to encourage use of the properties to the degree that we don't need them is counterproductive. The Lacey property is residential and it would not be in the Town's best interest to become a landlord for residential use or have that building used for a business use and end up with further congestion of traffic along Prince Street and use of our parking area for additional business purposes at the Lacey property. He recommends against it.

Pasquale Melillo, 15 Haller Place, Yalesville was of the opinion that we should enter the agreement with Mr. Pizzo.

VOTE: Duryea, Gouveia and Killen were absent; Papale, aye; all others, no; motion failed.

ITEM #12 Consider and Approve a Waiver of Bid for the Sale of 17,700 sq. ft. of Town Property to Coag Farm Inc. as Requested by George Cooke

Motion was made by Mr. Knight, seconded by Mr. Rys.

Mr. Knight read correspondence into the record from George Cooke, President of Coag Farm Inc. (Appendix III)

Mr. Cooke is requesting a fifty foot (50') right of way from Turnberry to the property on Cooke Road. This will then be split up and twenty-five feet (25') will be deeded to the property owner on Turnberry. All easements to the Town will remain in place. The square footage of the present paper street is 50 X 354 equalling 17,700 sq. ft. Mr. Cooke is offering the Town \$2,000 for the property. The abutting property owner will receive twenty-five feet (25') and twenty-five feet (25') will be one driveway to the lot.

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Mr. Cooke explained, when the property was purchased from the Young family by Vincent Verna he and Mr. Cooke had an agreement that he (Mr. Verna) would leave a fifty foot (50') right of way, or paper street, to Mr. Cooke's property for future development and, in turn, Mr. Cooke would grant Mr. Verna the drainage rights onto Mr. Cooke's property. When the property was transferred to Geremia it stayed with the deed. At this point the road is not needed to the property. Unfortunately Mr. Cooke sold the property and it would give him an additional lot if it is closed off and a driveway is made. The Town already has electrical service down the street and has the easements for water runoff which will stay in place.

Mr. Solinsky asked if the Town can sell the street without abandoning it? Was the road accepted by the Town?

Attorney Small was not sure. If it was never accepted by the Council as a road then it is not referred to as a road for the terms of abandonment.

Mr. Solinsky asked if this has to be approved by Planning & Zoning?

Ms. Papale made a motion to Approve the Waiver of Bid for the Sale of 17,700 sq. ft. of Town Property to Coag Farm Inc. for the Sum of \$2,000., with all Town Easements Remaining in Place, seconded by Mr. Rys.

Mayor Dickinson was not sure if Planning & Zoning Approved the Transaction, if not, the Council will have to hold up on acting on it.

Ms. Papale amended her motion to read that the Sale is Approved Pending Approval by Planning & Zoning, seconded by Mr. Rys.

VOTE: Duryea, Gouveia and Killen were absent; all others, aye; motion duly carried.

ITEM #13 Discussion Regarding Action Taken at the June 20, 1995 P.U.C. Meeting Pertaining to the Cytec Power Service Supply Agreement

Motion was made by Mr. Knight, seconded by Ms. Papale.

Mr. Zandri stated that he forwarded correspondence to each of the P.U.C. commissioners requesting their presence at this meeting for the focus of his questioning was going to be with them.

George Cooke, P.U.C. member was present, however he was not present at the P.U.C. meeting of June 20th when the vote on this agreement took place.

Mr. Zandri explained that the reason he placed this item on the agenda was due to the fact that he had questions regarding the new electric rate agreement between the Electric Division and Cytec passed by two members of the P.U.C. commission at its last meeting. This is the first time that the Electric Division is proposing rates to individual customers and what concerns him the most and what he is not

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comfortable with is the process that took place in finalizing an agreement of this magnitude. CT. General Statutes require that public utilities hold public hearings before instituting rate changes. For some reason municipalities do not fall under that umbrella. Rates can be set by municipalities without holding a public hearing. He feels this practice of holding a public hearing should be followed when the Electric Division is changing any rates. He was very concerned with the way this issue was handled. For an agreement of this magnitude to be placed as an addendum item to the agenda one day before the meeting was last minute. It was then passed by only two of the P.U.C. commissioners and not one question associated with the agreement was ever asked at the meeting. That concerned him greatly. He felt that we should, as a Town, encourage that all rates changes take place in an open forum with public notice so that the residents of this community have an opportunity to attend the meeting and ask questions about their utility. This is the reason he has placed the item on the agenda this evening.

Mr. Zandri asked William Cominos, General Manager of the Electric Division, when does the new contract take effect?

Mr. Cominos responded, 12:01 A.M., July 1, 1995.

Mr. Zandri asked, was the new rate published in a local newspaper?

Mr. Cominos responded, not to his knowledge.

Mr. Zandri stated, according to State Statutes a new rate of this sort has to become effective the first day of any month but must also be published in a local newspaper for one month prior to the new rate becoming effective.

Mr. Cooke stated, the concept of going out to larger customers and negotiating rates...are you against that process Mr. Zandri?

Mr. Zandri responded, no.

Mr. Cooke stated that the negotiation process has been ongoing for eighteen months.

Mr. Zandri stated, he is not against the process, simply the way the public was uninformed of it. With any contract there has to be negotiations. He was concerned with the finalization of the contract of this magnitude, a reportedly \$500,000 per year savings to a particular firm, with it being handled as an addendum item to an agenda and posted one day before the meeting and passed by two P.U.C. commissioners without one question asked on the contract what so ever. He feels that although no public hearing is required by State Statute, it would good governmental procedure and public relations to keep the public informed while giving them an opportunity to ask questions of the contract and be aware of what is taking place. In this case, fortunately, the rates went down. The same thing can happen but in the other direction with the same process taking place....two P.U.C. commissioners raising the rate with no public notice. It can apply to residential rates, or any rates they want to deal with, legally.

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Mr. Cominos disagreed, stating that if the P.U.C. were changing rates that had to do with existing rates, tariffs, on the books now, they would have to go through the process Mr. Zandri mentioned earlier. They would have to be published first.

Mr. Zandri disagreed. Both changes have to be published.

Mr. Cominos added, the P.U.C. commissioners were kept apprised every step of the way of everything the Electric Division was doing with Cytec. That may be the reason why there was a lack of questioning at the P.U.C. meeting that night by them.

Mr. Zandri assumed that the P.U.C. commission would have been informed along the way to a certain degree. Again, he stressed the fact that this municipality has always operated in an open forum, even with regards to small items that go out to bid. We are talking about a deal involving \$500,000 per year of Town money that was not brought out to the public for their input. He did not like the process that took place. It was not illegal but it was bad precedent to set a policy this way. He asked Town Attorney Janis Small if he was interpreting the State Statute correctly?

Attorney Small responded, she believed Mr. Zandri was interpreting it correctly. Any change in the rates has to be published.

Mr. Cooke asked, does it say general public rate?

Attorney Small responded, It does not say general public rate so you are going to have to publish it.

Mr. Zandri stated, the way the State Statute reads is, "any rate change has to be published one month..." and that is an entire month.. "in a local newspaper prior to the rate taking effect."

Mr. Solinsky asked, does that mean every day of the month?

Attorney Small answered, that is the way that it reads. I think it is for the public's notification and even though this rate may involve one customer it still is for the information of the public and there may be other users who can make some type of claim with respect to the rate.

Mr. Cominos stated, we are not changing rates, we are establishing a new rate for a customer. You have tariffs that apply. We are not changing any of those tariffs that are in place. We are establishing a new agreement with the customer. Any of those tariffs in place now are not changed. Those are still in place. He is getting confused over what Attorney Small is saying. We cannot go out and put an agreement together with an individual customer....that is not changing the rates. The tariff is still in place, we have not changed it.

Attorney Small asked, why are you using the terms "tariffs" and "rates"?

Mr. Cominos responded, a tariff is the legitimate form that is used to

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establish a rate. If someone wants to know what our rates are for an industrial customer under a certain class, it is in an approved form. We went into an agreement with a customer and we established a new rate with that customer. We did not change the tariffs or the rates per se, those rates are still in place.

Attorney Small pointed out that those rates are not in effect for this particular customer.

Mr. Cominos agreed.

Attorney Small stated, you have developed a new rate for this customer. The Statute refers to any changes in the rates and this is a change in the rate. It talks about being charged persons or corporations for gas.....

Mr. Cooke interjected that we are all in agreement that the negotiated rates for the larger customer are a necessity in this particular time frame.

Attorney Small stated, she is not saying it is illegal...

Mr. Cooke stated, if we have ourselves a block here legally that he is unaware of....he apologized for not being at the meeting due to the Korean Veterans final meeting before the dedication which he has chaired to this point in time and therefore could not miss. With deregulation lurking in the background and the evidence of what it has done to many industries, it is time to solidify a proper rate with the larger customers which may be "cherry picked" away from us and leave us hanging with nothing to deliver to anyone including the general public.

Mr. Zandri repeated once again that his concern is with the procedures and State Statute guidelines and is reserving the right to ask other questions at a special meeting he will request the Chairman to call. The Charter clearly states that the Council has fifteen days to act on this action taken by the P.U.C. He will ask for a special meeting to be held on July 5, 1995 to deal with this issue with regards to action taken place. He will ask the P.U.C. commissioners who voted on this issue his questions at that time.

Mr. Knight stated, these are things that are going to happen in the new deregulated environment or the more competitive environment that the industry faces and that we face as a municipal utility. Would the requirement that a rate agreement such as this go before the public in a hearing hamper your ability/flexibility to negotiate such rates?

Mr. Cominos responded, he believed that it does hamper it. Your utility managers/directors are capable of putting contracts together that are in the best interest of the Town and utility and preserving these customers under our electric system. Sometimes there is a window of opportunity and if that is delayed because of bureaucracy and we lose that window of opportunity....it is a matter of having confidence in your managers and directors to do the right thing. Get

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that information back to the P.U.C. who are the appointed officials over the utility and if they agree or disagree with it, fine. There is a lot of checks and balances here that take place before the decision is made.

Mr. Knight referred to Mr. Zandri's proposal saying that it is almost an after the fact hearing.

Mr. Cooke stated, you can publish the rate after the fact. If you publish it ahead of time..the rate is public information after it is signed, sealed and delivered.

Mr. Zandri was asking for a public hearing when the final decision is going to be made, not to reveal the content of the contract.

Mr. Cooke stated, we have gotten off the track a little and will straighten it out but conceptually we are all on the same track, correct? The negotiated rates for the larger customer are going to be a necessity to maintain the Electric Division in Wallingford.

Mr. Zandri responded, not necessarily. You (the P.U.C. and Electric Division) are making an assumption that deregulation is going to happen. No one knows that for a fact.

Mr. Cooke stated, if we treat these customers delicately and in good faith they will probably have a better idea of staying with us than walking away and maybe they won't go into the process of generating their own electricity which some are capable of doing.

Mr. Zandri stated, the process of generating their own electricity is an issue in itself. If you think for one minute that any big customer is going to stick with you (Electric Division) if deregulation ever comes when it can buy electricity cheaper somewhere else....if you are a business man you will know to the contrary. If I can buy something to run my business cheaper somewhere else, that is where I am going, regardless of what I have done in the past. Why pay someone more money just because he has been my friend for ten years.

Mr. Cominos stated, in this case Cytec forewent a co-generation facility at their location to come into this contract with us. We would have lost the largest customer in town.

Mr. Knight stated that he was not questioning the.....

Mr. Cominos responded, he was trying to balance what was said. It is important to note that this customer, in relationship to our residential customer, uses approximately 173,000 kwh a day. You will need 6,000 residential customers in one day to match up that one customer. They employ over 600 people of which 30% are town residents. There is a lot of things that goes into why we want to keep customers like that in our territory beyond the utility aspect. It is not an easy process to go through, we struggled with it for eighteen months and we think we put a pretty nice contract together that gives reasonable return to the Town, keeps the customer's rates stable for seven years so they can plan....each one of those issues

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have to be looked at separately. He received a call from one of his top five customers today wanting to know what they could do. It is starting. With visionary this utility, this municipality in CT., one of the six that is so visionary...there is not another utility, municipality in CT. that has done what we have done. We are doing the right thing. Out of the 2,200 municipalities in the country, ten percent (10%) is not doing what Wallingford is doing. He felt that it was important to get the information across to the 40,000 residents who live in town and may view this meeting at home. They are trying to understand what the utility is doing and what they are going through. It is an opportunity for him to reach that audience. He apologized if he elaborated but he felt it was an important issue to get across.

Mr. Knight did not want it to be construed that his questions were meant to put Mr. Cominos on the defensive. He has listened to everything that Mr. Cominos has been saying for the past eighteen months on this particular subject. He applauded the efforts of Mr. Cominos. He asked the question regarding the structure of Town government and the way that rates are determined and the way the utility has to negotiate and the nimbleness with which they have to react. Would a suggestion of public hearing be an impediment.

Mr. Cominos responded, yes, but the utility will do what ever is decided upon but it would be an impediment.

Mr. Knight responded, that is what I wanted to hear.

Mr. Rys stated, Cytec had been negotiating prior to the actual agreement that we have now signed with CMEEC in January. Is that correct?

Mr. Cominos responded, we were discussing the co-generation facility with Cytec prior to CMEEC, yes.

Mr. Rys stated, there was some indication after the CMEEC contract was signed that there was a good possibility that we may be losing Cytec.

Mr. Cominos responded, yes, that was a real possibility.

Mr. Rys stated, it was also stated at that time to the Council that we would be doing everything in our efforts in order to make sure that we don't lose Cytec because of the large amount of electricity that we sell to them. DPUC does not regulate Wallingford electric, correct?

Mr. Cominos responded, only in a very minute area. We have to submit to them certain forms each year that they ask us to. They do not regulate our rates, they regulate very little. We, as a municipality, govern our own destiny. If one wants big brother to watch over them you can have that but we are smart enough in this Town to handle our own business and we don't need state or federal agencies telling us what to do. That is just another level of bureaucracy we have to go through. This P.U.C. does ask the tough questions. Mr. Zandri, Mr. Wasilewski, asks tough questions...we have an obligation that we take seriously. He, himself, should also be questioned all the time. If

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he does not have the answers then the Council has the right to look at him differently.

Mr. Rys stated, he would have been at the meeting because he was informed by the Council Secretary that this item had been put on the agenda but he had another meeting scheduled that evening. Because of the prior information received by the Electric Division that they would be dealing with Cytec, and the Council Secretary informed him that an agreement had been reached, he did not seem to mind foregoing the P.U.C. meeting. Our Town Charter gives the P.U.C. the right to negotiate any contracts, sales or leases and agreements so long as it is not for more than ten (10) years. We appoint the commissioners. He asked, was there some time constraints with Cytec that it was put on the agenda at the last minute?

Mr. Cominos responded, there was no urgency. We have been working on this and wanted to bring it to some sort of culmination. The P.U.C. Director, Raymond Smith, had to leave the state on business and we had it all together so we put it on the agenda. There was no other ulterior motive. We went through our attorney assigned to the P.U.C., we ran things through the attorney in Washington, we did reach a level of comfortability with what we were doing so we moved forward with it. If there is something we have to correct we will do that. But we will continue moving in the right direction.

Mr. Rys asked Attorney Small, did the State Statute referred to pertain to municipalities?

Attorney Small responded, yes.

Mr. Rys asked, will there be a problem if we have to publish the rate and the contract does not go into effect July 1st?

Mr. Cominos needed to defer that question to legal counsel, he would need an opinion on that issue.

Mr. Zandri stated, it is true by Charter that the P.U.C. has the right to negotiate, however the Council has oversight over the action and has the right to override decisions made by the P.U.C. If this process is going to continue the way this one took place then, for lack of knowledge of something that is taking place, it short circuits the Council's ability to have that oversight. For example, this addendum that was approved is an important item. The Council only has fifteen (15) days to react. If he did not attend the meeting that night it would have gotten right by the Council, signed, sealed and delivered, no questions asked. He is not saying that this is a bad contract. Unfortunately, he does not know anything about the contract to say whether it is good or bad. Those are the questions he wants to ask so that he can be comfortable in saying that it is a good deal for the Town. Until he has that information, he cannot make that judgement. That is why he feels, although not required to do so, we should hold a public hearing. It is good practice and policy to adapt that procedure if any rates are changed in the Town. He asked Mr. Cominos to explain why he feels the public hearing would be detrimental as far as negotiations?

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Mr. Cominos answered, he takes the standpoint of running the utility. The Council and the P.U.C. have to have confidence in the leadership that is managing the utility to do the right thing. These are not major issues for the management to handle. That is part of their business. They are not amateurs. He pointed out that Mr. Zandri admitted that he knows nothing about the issue. Mr. Cominos has been working on it for eighteen months along with Mr. Smith. Thirty-six years of knowledge and thought have been applied by Mr. Cominos, himself. He views the issue in that light. That is the impediment he sees.

Mr. Zandri responded, he saw no impediment to have the last final phase of negotiations public notice. It would not hinder the process at all. It gives the Council the opportunity to be notified and be aware of what is taking place and also gives them the opportunity to say, yes, you did strike a good deal.

Mr. Cominos answered, he will not sit and argue to the death over the issue. If that is what is needed to have this thing work, then do it. If that is what Mr. Zandri or the Council wants. Personally, he feels it is just another level he has to go through in order to get this thing through. He did not like it, personally, as a manager but if the Council wants the management of the utility to go through it, then they will go through it, what ever. He will not argue over it.

Mr. Zandri stated, you (Mr. Cominos) say that this is not a big decision, I think it is. When you are talking about a \$500,000 savings to a customer, to him that is a major decision because it has to come from somewhere. If we are granting someone a \$500,000 savings it has to be coming from some part of the pie of money. He wanted to make sure all bases are touched and that it is a legitimate amount to be used.

Mr. Cominos responded, if you are going to dissect everything I say and I did not mean to make light or little of the fact that it is not a major decision, it is. Every decision he makes every day is a major decision but it is something he has a good handle on and some of the thoughts he has are routine in nature where it would not be to the average person, that is what he meant by the statement, not that he considers this to be a minor decision. In his business it is something that he handles everyday. As a course of life he makes decisions such as this. He takes his job seriously.

Ms. Papale stated, Mr. Gessert is in Florida on vacation and Mr. Smith is in Seattle, this is why they are not present tonight. She realizes that the Council has oversight of the P.U.C. commissioner's actions and the Council confirms their appointments. She has confidence in what the commission is doing, confidence in the staff in the utility's offices. There is one situation here that she felt could have been handled differently and perhaps if done we wouldn't be here tonight. She is on the P.U.C. Liaison committee and she also received a call informing her that there was an addendum to the agenda. She was a little bit torn between attending the meeting since she had already made a commitment to be at the pool committee meeting. She feels that, not that anything underhanded was taking place for she

never thinks that of the P.U.C. commissioners or the management, but an item such as this should never have been an addendum to the agenda. It should have appeared as an agenda item. Mr. Rys, Mr. Zandri and herself do receive the P.U.C. agenda. She happened to have seen Mr. Smith that afternoon and she was aware that the item was being added to the agenda. She asked that next time the Council should be more informed, even though these issues are everyday issues to management. She was not sure if a public hearing was necessary but the Council should be more informed. Telephone calls could be made once in a while to at least the Chairman of the P.U.C. Liaison, Mr. Zandri. This information did come down too late last week. She will not have a problem with the contract for she feels that the commissioners have their job to do and the Council has their to do. She wonders at times why the Town has P.U.C. commissioners when the Council makes them go through what they have to go through. The management staff has the expertise to explain to the commissioners all the particulars. That is good enough for her. The only problem was that she wished the Council was more aware of the issue. Everyone would have felt better about the issue.

Romeo Dorsey, Grieb Court stated, for once he is in agreement with Town Attorney Small, rates have to be published. We always have done so in the past. He is not against the contract but it seems that \$500,000 is a lot of money and we should take a good look at it. He asked, who initiated this idea Cytec or the Electric Division?

Mr. Cominos stated, it was a joint effort.

Mr. Dorsey stated, he does not believe that we should be intimidated by the fact that Cytec is going to go out and generate. He feels that it will cost them at least \$10 million to site a plant there. Even if they wheeled their power from United Illuminating through Devon and from Northeast through the Beaumont substation, he still feels that it would cost more for them to do so then what they are paying now. What is going to happen to all the other big customers we have? Is the steel mill and Bristol Myers going to get the same contract?

Mr. Cominos responded, each firm will be looked at and if they do request a rate change it will be negotiated on an individual basis. The contract may be somewhat boiler plate, there may be some differentials in the contract also. There is a lot to take into consideration. Cytec, besides being the largest customer, has a load factor of about eight percent (80%). They are operating almost twenty-four hours a day, seven days a week.

Mr. Dorsey stated, if they are all going to be looked at equally, he is in favor of it.

Pasquale Melillo, 15 Haller Place, Yalesville stated that he agreed with Mr. Zandri, the public should have been informed of this before anything was done. The taxpayers want to have the proper respect shown to them. Give them a chance to comment on this. This will open a Pandora's Box. According to the newspaper article, this agreement is still a proposal to Cytec and they have not yet signed it. Do you think that they will try and get more out of the Town on this deal?

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Mr. Cominos responded, the contract was just signed by the Wallingford Electric Division and Cytec. It is done. At the time the article was printed it was not signed. Subsequent to that, the contract has been duly executed.

Mr. Melillo asked, was our Town Attorney in on this to make sure there are no gray areas?

Mr. Cominos stated, the contract has been forwarded to our attorney which has been assigned by the Town.

Mr. Melillo asked, how does Northeast Utilities fit into this? Do they have any legal say?

Mr. Cominos responded, they could actually lose. If we lost Cytec as a customer, Northeast Utilities could lose a customer also. They have as much to lose if we lose a customer in Wallingford. They are happy we have this contract.

Mr. Melillo stated, this is adding ammunition that the taxpayer is going to have to make up all these monies. The \$500,000 we will be losing with Cytec, and he is sure we will lose a lot more with other companies following suit, the Mayor and Town Council will have to be a lot sharper with regards to how monies are being spent. He predicts that the rates for taxpayers will begin to go up approximately \$500 - \$600 per year starting next year after all this is done. There are going to be tough times ahead for the taxpayer.

Philip Wright, Sr., 160 Cedar Street stated, this is deja vu all over again. Last December we had the same kind of a deal where the contract with CMEEC was signed, sealed and delivered and the people who normally attend the P.U.C. meetings were not notified, he did not know this subject was going to be discussed this past week or he would have been present also. It is the same kind of a deal that the public was very upset about in December, especially him, and he is upset now for he does not believe that the citizens in a municipality give up their freedom because they elect some professionals. It was very well put in a letter he wrote to the paper a couple of months ago - he does not believe that we should give up our freedom because we hire some professionals to manage a business. And Bill Cominos if you cannot take the heat, then go back and work in the private sector where you do not have to report to me and the 40,000 other people that you said you were talking to and he is talking to now. He believes that the average taxpayers are as big a firm as Cytec and everyone else. He worked there for forty-two years, he knows what they have been doing, he knows the problems that they have had with labor, etc. He has a good feeling for Cytec. But don't tell him that if you (Mr. Cominos) have negotiated a good contract that it will not stand the light of day for the public. It should stand the light of day if it is a proper thing. He asked Attorney Small, is this subject to F.O.I.?

Attorney Small responded, yes.

Mr. Wright asked, if I want to get the transcript of all the minutes

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of everything that has taken place regarding this negotiation, he can obtain that?

Attorney Small stated, she could not think of any exceptions....any document that they would have that it would fall into at this point.

Mr. Wright asked, if I request this of the P.U.C. then they have to produce the information for me?

Attorney Small responded, I believe so, yes.

Mr. Wright stated to Mr. Cominos not to sit there and pontificate about how much he knows and how he does not want the public to know what is happening and that he is holier than thou and can make decisions. You are entrusted to the Town when you are hired to treat people fairly and openly, you and the P.U.C. commissioners as well. This whole thing smells just like the other one that took place six months ago (CMEEC contract).

Mr. Solinsky asked, what are you looking for exactly with regards to your F.O.I. request? Are you looking for the transcripts of the negotiations?

Mr. Wright stated, yes, that should be open to the public.

Mr. Solinsky responded, there may not be transcripts.

Mr. Wright asked, how can you deal without keeping records?

Mr. Solinsky was not sure that every conversation was recorded.

Mr. Wright stated, that is the same as lying to your diary.

Attorney Small stated, what ever documentation they have is subject to F.O.I. She is not saying that they are required to transcribe what they talked about at a meeting.

Mr. Wright stated, If I wanted to know what Cytec said they were going to spend or have to spend to put in their own generating equipment, can he obtain that information? Is that part of the information that the public should be made aware of?

Mayor Dickinson responded, if the utility has any information it is available to the public. What ever information is in the files of Cytec, that is theirs.....but what ever information the utility has would be available, subject to F.O.I.

Mr. Wright asked, the utility would have information as to what Cytec said they were going to spend for a generator?

Mayor Dickinson responded, not necessarily. They may have that but they would not necessarily have it in writing.

Mr. Wright asked, does he have the right to subpoena the notes from Mr. Cominos and Ray Smith and the commissioners?

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Mayor Dickinson responded, you have the right to request under F.O.I. the information that they have relating to the contract and its negotiations. It is important to realize that we are talking about a meeting that was a public meeting and we are differentiating the difference between a public meeting and a public discussion and documents that were available at that meeting, the difference between that and a public hearing. A public hearing is a meeting that has a public notice and other requirements but it was a public meeting. It should appear as though we were talking about a meeting that was not a public meeting and so now we are asking for a public meeting. We are talking about a public meeting and we are asking that it have the formality of a public hearing.

Mr. Wright responded, Mayor, you are dancing just like Mr. Cominos was when he was talking about rates on one hand and tariffs on the other. That is not getting it up on the table.

Bill Dreissen, 16 Williams Place, stated, what did Mr. Cominos do wrong? He did exactly what he had to do. He did not have to tell the Council everything. What is the big deal. He did a very good job for Wallingford, look at your electric bill and see what the rates are compared to other utilities. I think we have a wonderful man there. Mr. Cominos, you are doing all right.

Mr. Knight commented, as far as he was concerned this Council has been kept abreast of this development for a long time. Maybe, Mr. Wright, we did not keep you abreast of every development that we should have. Maybe it is Mr. Knight's fault that Mr. Wright is not aware of every single sentence that is ever uttered to a Town Councilor, but that man (Mr. Cominos) has kept us abreast of the developments with regards to this agreement for a long time. And you say this process stinks? And you say the last agreement stinks? I am, frankly, tired of hearing that. You have the right as a resident of Wallingford, just like anyone else...but you accuse people left and right of wrongdoing when you stand at that microphone. I ask one question and I'll be darned if I will finish this meeting off on the side of questioning what that man did for the last eighteen months with regard to this matter.

Mr. Cooke asked, can we go now?

Mr. Zandri requested that the Chairman call a special meeting on the 5th of July for the purpose of taking action on this issue.

Mr. Solinsky agreed to. He thanked Mr. Cominos and Mr. Cooke for their attendance this evening.

ITEM #14 Discussion and Possible Action on the Proposed Golf Course Site in Durham as Requested by Councilor Thomas Zappala, Co-Chairman Municipal Golf Course Study Committee

Motion was made by Mr. Knight, seconded by Ms. Papale.

Mr. Zappala stated that through the hard work and efforts along with many hours it has come to the point where a decision has to be made with regards to how far are we going with this issue. Correspondence

from Roger Dann, General Manager of the Water & Sewer Divisions states that the Town does own 228 acres of land in Durham that has no value to the division for watershed purposes. The land is available to the committee to develop as a possible golf course. He has met with the officials in Durham and there has not been one negative comment on their part. A decision needs to be made. What are we going to do from this point on? The land is available, it is of no use to anyone, we pay taxes on it and he strongly believes that a golf course in that location will be beneficial to the people of the Town of Wallingford. He knows from experience that it will support itself for he is a golfer, himself. He is requesting the Council to allow for a updated revision of the 1990-91 golf course study. We have well over the 150 acres required for a golf course.

Mr. Solinsky asked, how will the study be funded?

Mr. Zappala responded, Robert Pedersen, Purchasing Agent responded that the study can be put out to bid.

Mr. Zappala asked the Mayor if there are funds available?

Mayor Dickinson responded, it depends upon the amount but the first choice of sources for funding would be contingency reserves.

Mr. Zappala stated that the NGF (National Golf Foundation) who performed the original study has submitted a quote of \$11,700 to update the information.

Mayor Dickinson stated, it is his belief that the study did not include in their estimates of cost the coverage of debt. If the study is revised it must be made clear that what ever the fees are that will be charged will have to cover the entire cost of the project, debt included.

Mr. Zappala stated that NGF is willing to meet with the committee to review what will be required information in the revised study.

Mr. Zandri asked if the Town solicited R.F.P.s (request for proposals) for the first study or did it waive the bidding process?

Lester Slie, 18 Green Street responded, the Council approved \$25,000 for the study.

Mr. Zappala stated that NGF is willing to update the market demand portion of the study, the feasibility of the site and the financial capabilities of the course. It can be placed out to bid.

Mr. Zandri stated, there may be an advantage to waiving the bid since this firm did some of the preliminary findings. We may be able to save dollars on it. He is not against the golf course, he would like to see it go forward but wants to make sure we do this properly.

Mr. Solinsky stated, someone would have to develop specifications.

Ms. Papale pointed out that Mr. Zappala is seeking approval from the

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Council as to whether to go out to bid or solicit proposals. That is all he is looking for at this point.

Mr. Solinsky preferred that R.F.P.s be solicited.

Ms. Papale made a motion to go out for an R.F.P. for Bringing the Study of the Proposed Golf Course Site Up to Date, seconded by Mr. Zappala.

Mr. Rys reminded everyone that it is not just the golf course that needs to be looked at. We must take into consideration the roadways, etc.

Dave Canto, 4 Meadows Edge Drive reminded the Council that the last time the study was done it cost \$25,000 of the Town's money to say that this project was a losing project for the first four years. It takes the fifth year to break even and it only showed approximately three years' of profit afterward. The cash flow did not extend out far enough to determine whether or not it would pay for itself. That situation could have changed since then but even if the study comes back favorably the question is, where are we going to get the money to pay for it? Remember, when you add the cost of the recreation center, golf course, school expansion, general increase, how much can we afford?

Mr. Zandri stated, the study should be done to show that what ever the bonds are to finance this would have to be paid for by the operations of the golf course. It should not cost the Town any money to run it.

Mr. Slie stated, he had his cousin who is an auditor work up the cost spread out over twenty years. Steve Holmes has the information. Wallingford residents cannot find room at Meriden or New Haven to golf. It costs them at least \$1,500 per year to play golf, which is cheap. It is not fair to pay \$5,000 a year to play golf (when he adds up what it costs him for his grandsons as well) when this Town charges other sports (teams) only \$400., \$2.50 to play a game. It is ridiculous that this Town does not support a golf course. We don't want the taxpayers to pay anything out of their pockets for this course, they may have to help get it started for the first few years but after that it will be self-sufficient. There are over 4,000 golfers in Wallingford. We are still stuck in the same place since 1979 trying to get a golf course in Wallingford. That is almost twenty years.

Albert Tuccio, 996 East Center Street, there is not a golf course in the United States that is losing money that he is aware of. Don't worry about losing money, he guarantees that the Town will make money. It should have happened twenty years ago.

Bill Dreissen, 16 Williams Place also supported the golf course.

Mr. Zappala vowed when he got involved in this issue that he would not support it if it was not self-sufficient. He firmly believes that it will be.

VOTE: Duryea, Gouveia and Killen were absent; all others, aye; motion duly carried.

Motion was made by Mr. Knight to Note for the Record the Letters of Resignation from the Members of the Transit District, Roger DeBaise, Chairman; Michael DiNino, Co-Chairman; Eugene DuPlaise, Treasurer, Daniel Lucas, Secretary; Ann Pikor, Richard Heffern and Stephen Knight, seconded by Mr. Rys.

VOTE: Duryea, Gouveia and Killen were absent; all others, aye; motion duly carried.

ITEM #15 Withdrawn

Motion was made by Mr. Rys to Adjourn the Meeting, seconded by Knight.

VOTE: Duryea, Gouveia and Killen were absent; all others, aye; motion duly carried.

There being no further business, the meeting adjourned at 11:22 P.M.

Meeting recorded and transcribed by:

*Kathryn F. Milano*

Kathryn F. Milano  
Town Council Secretary

Approved by:

*Thomas D. Solinsky*  
Thomas D. Solinsky, Chairman

7-25-95

Date

*Kathryn J. Wall*  
Kathryn J. Wall, Town Clerk

Date

July 25, 1995



*Town of Wallingford, Connecticut*

DONALD W. ROE  
STATE & FEDERAL PROGRAM ADMINISTRATOR

WALLINGFORD TOWN HALL  
45 SOUTH MAIN STREET  
WALLINGFORD, CONNECTICUT 06492  
TELEPHONE: (203) 294-2060

June 7, 1995

William W. Dickinson, Jr., Mayor  
Town of Wallingford  
45 South Main Street  
Wallingford, Connecticut 06492

Dear Mayor Dickinson:

Under the Neighborhood Assistance Program, non-profit agencies that serve Wallingford residents are eligible to receive grants from private businesses. In return, these companies receive State tax credits for those grants for eligible projects.

The legislation requires that the legislative body of a municipality hold a public hearing in order to submit a list of projects to the State for approval. I would, therefore, appreciate it if you would place this item on the Town Council agenda for the June 13, 1995, meeting and ask that the Town Council set a public hearing date for June 27, 1995, their next regular meeting. This office expects to complete the solicitation of applications by June 20.

The legislation does not impose any further requirements or restrictions on the Town except for the public hearing and approval of projects through passage of a resolution, a copy of which is attached. All projects will be the sole responsibility of those who submitted applications.

Should you have any questions or comments, please contact me.

Very truly yours,

Donald W. Roe  
State & Federal Program  
Administrator

lmw

RESOLUTION

WHEREAS, pursuant to Connecticut General Statutes 12-631, the State of Connecticut has provided tax incentives for Connecticut businesses that donate to Community programs under certain circumstances, and

WHEREAS, it is required under Connecticut General Statutes 12-631 that any municipality desiring to obtain benefits under the provisions of this Act shall, after holding at least one public hearing and after approval of the legislative bodies, submit to the Department of \_\_\_\_\_ a list of programs eligible for investment by business firms under the provisions of this Act; and

WHEREAS, it is desirable and in the best interest that the Town of Wallingford submit such a list to the State of Connecticut.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF WALLINGFORD:

1. That after holding a public hearing on the list required under Connecticut General Statutes 12-631, the Town Council of the Town of Wallingford hereby approves the attached list entitled: Summary List of Neighborhood Assistance Programs,
2. That the Mayor of the Town of Wallingford is hereby authorized and directed to submit to the Department of \_\_\_\_\_ the approved list of programs eligible for investment by business firms and to provide such additional information; to execute such other documents as may be required by the Department to accept on behalf of the Town any funds available for those municipal programs on the list; to execute any amendments, recisions, and revisions thereto; and to act as the authorized representative of the Town of Wallingford.

Certified a true copy of a resolution duly adopted by the Town of Wallingford at a meeting of its Town Council on \_\_\_\_\_, and which has not been rescinded or modified in any way whatsoever.

\_\_\_\_\_  
(DATE)

\_\_\_\_\_  
(CLERK)

RESOLUTION

- WHEREAS, pursuant to Connecticut General Statutes 12-631, the State of Connecticut has provided tax incentives for Connecticut businesses that donate to community programs under certain circumstances, and
- WHEREAS, it is required under Connecticut General Statutes 12-631 that any municipality desiring to obtain benefits under the provisions of this Act shall, after holding at least one public hearing and after approval of the legislative bodies, submit to the Department of Revenue Services a list of programs eligible for investment by business firms under the provisions of this Act; and
- WHEREAS, it is desirable and in the best interest that the Town of Wallingford submit such a list to the State of Connecticut.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF WALLINGFORD:

1. That after holding a public hearing on the list required under Connecticut General Statutes 12-631, the Town Council of the Town of Wallingford hereby approves the attached list entitled: Summary List of Neighborhood Assistance Programs, and
2. That the Mayor of the Town of Wallingford is hereby authorized and directed to submit to the Department of Revenue Services the approved list of programs eligible for investment by business firms and to provide such additional information; to execute such other documents as may be required by the Department to accept on behalf of the Town any funds available for those municipal programs on the list; to execute any amendments, recisions, and revisions thereto; and to act as the authorized representative of the Town of Wallingford.

Certified a true copy of a resolution duly adopted by the Town of Wallingford at a meeting of its Town Council on June 27, 1995, and which has not been rescinded or modified in any way whatsoever.

\_\_\_\_\_  
(DATE)

\_\_\_\_\_  
(CLERK)

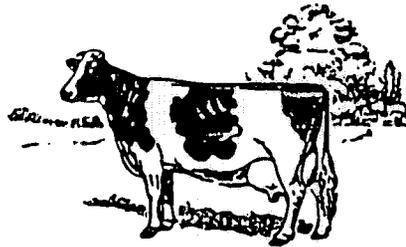
SUMMARY LIST OF NEIGHBORHOOD ASSISTANCE PROGRAMS  
June 20, 1995

<u>AGENCY</u>	<u>TITLE</u>	<u>AMOUNT</u>
Big Brothers/Big Sisters of Meriden & Wallingford, Inc.	Traditional/Diversity Prog.	\$ 10,000
Boys & Girls Club of Wallingford, Inc.	Silver Anniversary Capital Building Program	\$100,000
The Curtis Home Corp.	<u>Children's Program</u> Children's Work Experience Program	\$ 5,200
	Staff Training Program	\$ 3,000
	Summer Cottage Experience	\$ 2,000
	Children's Recreational Games and Equipment	\$ 1,500
	Winter Camping Trip	\$ 500
The Curtis Home Corp.	<u>Elderly Program</u> Handicap Accessible Vehicle	\$ 39,600
	House Care	\$ 12,000
	Large Screen Television Set	\$ 2,800
	Multi-position Recliner	\$ 500
	Table Linens for the Elderly	\$ 450
Easter Seal Rehabilitation Center of Central CT, Inc.	Equipment Purchase Project/Improvements	\$ 25,000
Gaylord Hospital	The Patient Therapy Equipment Program	\$200,000
Habitat for Humanity of Wallingford, Inc.	24-26 Wallace Row Renovation	\$ 15,000

<u>AGENCY</u>	<u>TITLE</u>	<u>AMOUNT</u>
Literacy Volunteers of South Central Connecticut	Literacy Training	\$ 3,000
The Wallingford Historical Society, Inc.	Window Restoration for the Parson's House	\$ 14,400
Wallingford Family YMCA	Pool Accessibility	\$ 15,000
	All Day Kindergarten	\$ 5,000
	Leader's Club	\$ 2,500
YWCA of Meriden	Renovations	\$150,000
	Open DOHR Program	\$ 25,000
	Sexual Assault Crisis Service (SACS)	\$ 5,000

# Coag Farm Inc.

George Cooke, Owner  
Northford Road, Wallingford, Conn. 06492  
(203) 269-0579



REGISTERED  
HOLSTEINS

12

June 1, 1995

Town of Wallingford  
45 South Main Street  
Wallingford, CT 06492

ATTENTION: William Dickinson, Mayor

Re: Paper Street - Turnberry

Dear Mayor:

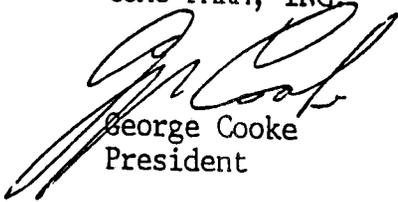
I indicated in our conversation of May 30, 1995, that I wish to acquire the 50 feet right of way from Turnberry to the property on Cooke Road. This will then be split up and 25 feet will be used for a driveway for one lot on the building project on Cooke Road and 25 feet will be deeded to the property owner on Turnberry. All easements to the Town of Wallingford will remain in place.

The square footage of the present paper street is  $50 \times 354 = 17,700$  square feet.

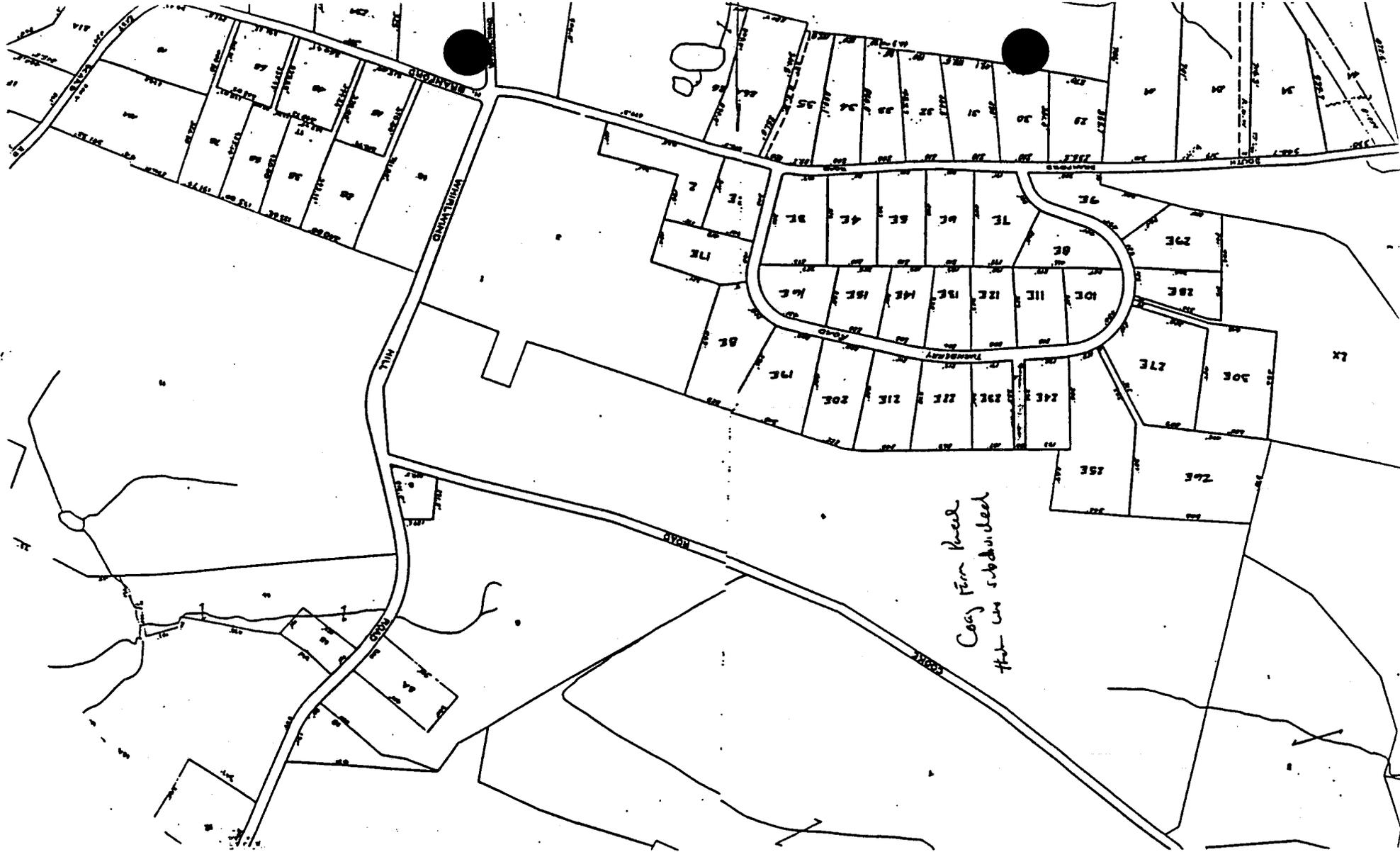
I offer the Town of Wallingford \$2,000.00 for this property. As indicated above, the abutting property owner will receive 25 feet and 25 feet will be one driveway to the lot.

Yours truly,

COAG FARM, INC.

  
George Cooke  
President

GC/jm



Coy Finn Road  
that we subdivided

SPECIAL TOWN COUNCIL MEETING

WEDNESDAY, JULY 5, 1995

6:30 P.M. - ROOM #315

AGENDA

1. Roll Call & Pledge of Allegiance
2. Consider and Approve Reversing Public Utilities Commission Action Taken at its Meeting of June 20, 1995 With Regards to the Cytec Power Service Supply Agreement as Requested by Councilor Geno J. Zandri, Jr.

SPECIAL TOWN COUNCIL MEETING

WEDNESDAY, JULY 5, 1995

ROOM 315

6:30 P.M.

A Special Meeting of the Wallingford Town Council was held on Wednesday, July 5, 1995 in Conference Room 315 of the Wallingford Town Hall and called to Order by Chairman Thomas D. Solinsky at 6:34 P.M. All Councilors answered present to the Roll called by Town Clerk Kathryn J. Wall with the exception of Councilor Gouveia who arrived at 6:35 P.M. Mayor William W. Dickinson, Jr. and Public Utilities Attorney Gerald Farrell were also present.

The Pledge of Allegiance was given to the Flag.

ITEM #2 Consider and Approve Reversing Public Utilities Commission Action Taken at its Meeting of June 20, 1995 with Regards to the Cytec Power Service Supply Agreement as Requested by Councilor Geno J. Zandri, Jr.

Motion was made by Mrs. Duryea, seconded by Mr. Killen.

Mr. Zandri explained that the reason he requested this special meeting this evening was that he felt it was important for the Council to have the opportunity to understand the contract that the Electric Division is getting involved in with Cytec. To this point he has not had any direct knowledge of the agreement and what it means to the Town. The P.U.C. commission voted on this contract at its last meeting and it was done by placing the item on the agenda as an addendum item. He felt that the procedure used was not good practice and even though we do not need a public hearing to change rates we should still hold one to keep everyone abreast of what is happening. Since the P.U.C. commissioners who voted on the contract were not present this evening he assumed that Raymond Smith, Director of Public Utilities who was present this evening would be answering questions the Council may have.

Mr. Solinsky asked if Attorney Farrell would have input since he reviewed the contract?

Mr. Smith responded, yes.

Mr. Zandri asked, according to CT. General State Statues Chapter 227, Section 16-19f, it describes the rate design standards adopted by utilities. Which one does this contract fall under?

Mr. Smith responded, those standards suggest that you review all different types of rates. This is a composite rate made up of declining block and demand/energy rates.

Mr. Zandri asked, what is the existing net profit of sales to Cytec? Since we are signing a contract with a customer, as an owner of the business that is contracting with that customer, I would want to know

July 5, 1995

what my net profit under the existing rates with the customer.

Mr. Smith asked, is your definition of net profit the difference between our costs and what we receive?

Mr. Zandri responded, yes.

Mr. Smith stated the expenses of the Electric Division include a lot of other costs such as the contribution to the Town. Not each rate produces the "net profit".

Mr. Zandri responded, the net profit should be determined by taking what it costs to purchase the electricity, the operational cost of the utility, then what you sell it for to the customer all into account. There must be a formula to use to determine our net profit.

Mr. Smith answered, the new proposal is projected to return somewhere in the neighborhood of \$525,000 per year over and above our purchase price cost. The existing is less than that. To start, you have to extract credit rider, somewhere in the order of \$500,000. For example, in rate making you divvy up the charges depending on the customer cost allocation. Meter Reading takes one meter for each customer. There are 21,000 customers. You take the charges for meter readers and divide it by 21,000, that is a different cost component than power. If a customer uses 11% of your energy, somewhere along the line the...is responsible for 11% of the energy costs. It is not a one on one relationship.

Mr. Zandri asked, so the existing net profit is approximately \$500,000.?

Mr. Smith answered, again, I want to be clear on that. You are calling it net profit. The differential between the revenues and the purchase power expenses.

Mr. Zandri stated, that would not really be net profit.

Mr. Smith stated, that is why I said, I am not calling it net profit. It is over and above what we have to pay for our power supply costs. To get back to your question so that it is an apples to apples comparison, is today's rates what are they are producing over and above what it cost to purchase vs. the future of the contract.

Mr. Zandri asked, what is the bottom line of the new contract?

Mr. Smith responded, projections are \$525,000-\$575,000. over the seven years. It varies each year depending on purchase and the rate and the way we buy?

Mr. Zandri asked, does this new rate fall within the 5% guideline that is in the State Statute for minimum profit?

Mr. Smith answered, in my opinion it does, but again, it goes back to the question of what is net profit?

July 5, 1995

Mr. Smith went on to say, if the old rate is producing that amount, there is no reason to believe that the new rate is not producing the same amount.

Mr. Zandri asked, did you do all of this prior to the new rate study that is being performed?

Mr. Smith answered, yes. This was started last fall, in essence as we closed on the power supply arrangement we alerted everyone that we would be looking to sign individual contracts and certain customers may be pulled out of the cost of service process.

Mr. Zandri stated, a statement was made that what triggered this individual contract was the possibility that Cytec would go with its own generation, correct?

Mr. Smith answered, that was a strong incentive.

Mr. Zandri asked, do you know what the potential capital costs would be for Cytec to go into a venture like that?

Mr. Smith answered, he did not have his notes to refer to. He recalled it to be several millions of dollars. We did have an analysis on it. We did not have Cytec's numbers so we had to analyze it from our perspective whether or not it was a realistic project.

Mr. Zandri stated, several millions of dollars could range anywhere from \$2 million to \$100 million.

Mr. Smith apologized for not having that information available and will obtain it for Mr. Zandri.

Mr. Zandri stated, part of the equation here is also tax dollars. The way he looked at it. Depending on whether or not they are going to have a capital investment of \$2 million or \$10 million would make a big difference on a decision making process knowing that the Town would also receive tax revenue on a capital investment made by private firms. That is part of the equation.

Mr. Zandri then asked, do you see any potential siting problems that Cytec may have if they wanted to go with this project?

Mr. Smith felt that the project was doable and made sense in a lot of ways in the long term. If we were not able to come up with a legitimate and competitive offer then there was a very strong possibility.....because it was a justifiable or economically justifiable project.

Mr. Zandri stated, I am talking about siting, if they were going to put a generating facility on the property they would have to get it .....approved.

Mr. Smith responded, that is correct. They also have existing boilers they would have to replace. I don't know how much emission allowances they have but I do know that the project was not beyond the size of

July 5, 1995

their own internal requirements. I imagine that they would be able to meet the emission requirements.

Mr. Zandri asked, you wouldn't anticipate any problems with siting there?

Mr. Smith responded, not knowing and not having gone through the process, personally here, I am giving my opinion.....I think that they could make it.

Mr. Zandri asked, how about the gas supply?

Mr. Smith answered, he felt that they had a very strong gas supply. He is aware that the partners in the concept was against..... They would not be at the table trying to promote gas that they could not produce. There is ample gas available.

Mr. Zandri stated, I know there is a supply, however, one of the concerns we had when we were discussing the siting of our own facility was getting the gas to the site because the existing mains were not large enough to handle the volume. He made the assumption that Cytec would face the same problem.

Mr. Smith responded, we were talking about a larger facility but again, we are not privy to discussions but Cytec would not go forward without contacting the gas company to see if they can come through.

Mr. Knight asked, wasn't it a third party that was interested in providing the co-generation?

Mr. Smith answered, an independent power producer, yes.

Mr. Knight asked, so then it was not a huge capital investment project for Cytec?

Mr. Smith responded, we don't know the details, we made our own projections of what the cost would be because we had to analyze whether or not we would be in the ballpark. The equipment has gotten much more efficient and efficiencies in smaller turbine units are the same as what they were in larger units. It is the improvement in jet engine construction which is passed along to generations, turbine and electrical.

Mr. Zandri asked, if we were to lose Cytec as a customer, how would that effect the bottom line of the utility as far as profits?

Mr. Smith responded, we would be able to reduce our purchase. There usually is a lag of revenues to expenses and the first and second years would show a difference but then there would be the \$500,000 contribution to the expenses which would be done away with. For instance if we say that the costs are \$2 million to purchase the power, that cost would disappear. We would collect \$2.5 million, that \$500,000 towards all the costs would be lost without a real change in our operations. We would still have 21,999 customers. We lose one customer, the workforce remains the same, the needs of the customers

July 5, 1995

are the same so we still have to respond to those. What you lose is their contribution towards the expenses, what may be termed profit or return to the Town, what ever.

Mr. Zandri stated, you are not taking into account any new customers that you would gain in the interim if you lost that customer. As an example the Post Office is a new customer. They are supposed to be a valuable customer as far as power is concerned.

Mr. Smith stated, they have been taken into consideration. We expect them to wind up in the top ten customers. Preliminary numbers show that they are seventh or eighth in the first month of operating. They are only one-tenth of Cytec's use.

Mr. Zandri asked, could there be a potential drop in our demand if we lose a customer of that size.

Mr. Smith responded, yes.

Mr. Solinsky asked, Mr. Zandri are you saying that there would be a reduction in the overall rate because the peak demand is reduced?

Mr. Zandri agreed.

Mr. Smith felt that would not occur. Taking the elements of the usage of this customer.....the Cytec demand coincident with our demand...it is very important...is about 93% average. It means that they were not always on our demand. So in developing the rate you must first find out what it is costing us. So you take that element out of there. Yes, your rate goes down but your costs to other customers does not change. That is factored into their cost.

Mr. Zandri asked, what do you mean it is factored into their cost?

Mr. Smith responded, in order to determine what we should charge them we have to know what it is costing us. We assume that if they....that we take that component of their demand that would not be realized in our system and it is charged back to them. In 1993-94, their demand averaged 93% on the system.

The discussion centered around demand rate for a brief time.

Mr. Zandri stated, if the peak were to drop he assumed that the costs would also.

Mr. Smith disagreed. Load factor then comes into play. Our load factor, typically,.... is sixty percent (60%). Of what occurs for the peak hour of the year, the average for the rest of the year is only sixty percent (60%). Cytec happens to be an eight percent (80%) load factor customer, if you did not count them, the rest of the customers rates would rise up because they bring the load factor up. The rest of your system causes a higher demand relative to Cytec's position.

July 5, 1995

Mr. Zappala asked, why do we have to lose Cytec to replace them with someone else? Why lose the company if you are making money on them? Why take a chance losing them?

Mr. Zandri responded, from what he understands, that is the consequence. Unless we come up with this great deal for them we will lose them as a customer. That is why he wants to know why we are giving them this good rate, what is the driving force behind it?

Mr. Zappala asked, are we making profit on this deal?

Mr. Zandri responded, that is driven by State Statute?

Mr. Zappala asked again, why take a chance on losing them?

Mr. Zandri answered, right now the only option they have is that they can generate their own electricity?

Mr. Zappala asked, why give them that option?

Mr. Zandri responded, it is not something we give them, they have the right to do that.

Mr. Zappala asked, why pursue the fact that they may have their own plant?

Mr. Zandri answered, as a person who is running a business, you have to put all your cards on the table to be able to make a decision as to what you should be charging them, what the options are as far as co-generation?

Mr. Zappala stated, the contract we have with them shows that we will make a profit.

Mr. Zandri stated, the issue is whether or not they will actually go out and put in a co-generation plant? The factor here is, if they are going to put in a capital investment, it is not ten cents, it is millions of dollars they will be investing. The Town will receive tax revenue on that investment so that is why you have to look at all the factors to see how this balances out. This may very well be a good contract, at the last Town Council meeting he did not have the information available to him that he is receiving tonight to be able to make that determination.

Mr. Zappala responded, he felt that the contract we have that was negotiated by capable people running the Electric Division was fine.

Mr. Zandri answered, he does not trust people up front, he wants to be able to make that judgement himself and he would be less skeptical if he did not see votes by the P.U.C. that is never anything other than unanimously in favor of all the utilities' actions. He cannot understand how three individual vote on all the items that appear before them at the P.U.C. meetings and never once vote no.

Mr. Zappala felt that was a different issue altogether.

July 5, 1995

Mr. Zandri disagreed. He wanted the necessary information in front of him to make the decision as to whether or not this was a good contract. That is why he attended the P.U.C. meeting that evening to obtain that information and not one question was asked by the two commissioners present who voted on the contract. According to the reports in the newspapers this contract is supposedly saving Cytec \$500,000 per year. He asked Mr. Smith if that was true?

Mr. Smith responded, the real savings of this contract to Cytec comes about as a result of the reduction of our costs from the CMEEC agreement. There are no other benefits, in his opinion, other than the Town knows that they will have a customer for the next seven years. This is important to us as we enter the age of deregulation which is being strongly considered in the utility business. Everyone is basically getting in position for the eventuality of open competition in the electric utility business such as what happened in the airline industry and communications business. No one knows exactly when it will happen but as he understands, as of today, a statement has been issued by the DPUC (Department of Public Utilities Control) on the position of retail-wheeling and how it will be implemented in the State. If we want to stay in the business it is important to us that we have customers. We want to maintain at least a base of customers that we want to have established and hopefully we will be able to put up some new ones. The franchises that currently exist will no longer exist and people will have choices. The time that we are in, prior to open competition, is the time to lay the groundwork to be in the best position we can be. He strongly believes that we should stay in the business.

Mr. Gouveia reminded Mr. Smith of the question that was asked, is Cytec saving \$500,000?

Mr. Smith responded, it is in the order of that magnitude. They will be saving it as a result of the CMEEC contract.

Mr. Zandri stated, that is the first time that statement has been made. He was at the P.U.C. meeting the night this contract was voted on, at the last Council meeting when the subject came up and now tonight.

Mr. Smith disagreed, he felt that point was made at an earlier time. He stated at the P.U.C. meeting that the foundation of the savings, the reduced prices, are a result of the CMEEC agreement.

Mr. Zandri did not recall hearing that at the meeting. It seemed that the driving force behind this contract was the threat of co-generation, that we would lose them as a customer.

Mr. Smith responded, that is the reason that we now want to tie them up for seven years. Under the current rate schedule any customer can just pack it up and leave the system

Mr. Zandri stated, they have the right to leave but they cannot buy out of the franchise. They will at some time but it is his opinion that it will not be within the next five years.

July 5, 1995

Mr. Smith stated, that is a gamble. If you want to take that risk and wait until someone does have that option or in this case there is a legitimate competitor here with co-generation.

Mr. Zandri agreed, Cytec is one of the very few in this Town that has the option.

Mr. Smith agreed. Cytec has the best opportunity for co-generation. No one else has the steam needs concurrent with the electrical needs.

Mr. Zandri reminded everyone that Cytec would also have to invest millions of dollars for the capital project to build the co-generation facility.

Mr. Smith, although absent of the exact figure, agreed that it would be in the millions.

Mr. Knight stated, in reference to the statement made to the third party involvement in this situation who was willing to build and operate the station within the plan....it is important to remember that because instead of looking upon a capital investment on the part of Cytec...this plant is fifty years old and the company has many plants across the states. They will not look at a ten million dollar investment to generate power when they can have their cake and eat it too. They can get the station on line within their plant and have someone else take the risk. That is a component we have to consider when judging what the competition is.

Mr. Smith added, the real competition of whether there is a viable project to be built there, yes, absolutely.

Mr. Zandri pointed out that if the cost of the project was a \$10 million investment, then the Town is looking at potentially \$240,000 in tax revenue. It is not a total loss to the Town if they did co-generate. Deregulation is coming down the road and we will be in bad shape if that happens because we do not generate any electricity. We can buy electricity and re-sell it because we have a franchise. Someone is able to produce it, sell it to us for a profit and run a business. If they have an opportunity to come into Town and bid for our customers, they will out bid us. He is concerned with the long term ability for us to have an Electric Division in this Town. Using that as the sole purpose of coming up with a contract like this is not a good argument. In the short term it is a good arrangement to make because of the potential of them leaving us. If you are basing the cost of that contract on what the savings were from the new electrical contract that we have then that is a legitimate business call.

Mr. Knight asked, under the old rates our differential between what we got from Cytec and the cost of our purchase power is approximately \$500,000. per year. Under the new contract it is \$525,000 - \$575,000., correct?

Mr. Smith responded, it varies if you look at the year by year basis.

Mr. Knight stated, it follows that, indeed, we are passing the savings

July 5, 1995

of the CMEEC contract along.

Mr. Smith stated, there is one other factor involved as well. The State is eliminating the gross earnings tax for manufacturers. Currently that figure is three percent (3%) that is built into the rate. Let's assume we do nothing, they would get the three percent (3%) reduction in rates automatically.

Mr. Zandri stated, it would not effect our bottom line. We are a collection agency, so to speak, for the State.

Mr. Smith responded, that is correct, it would effect the customer's rates. It is built into the rates and we have to pass it on to the State. Regardless of what we get, they would get that reduction in rates.

Mr. Zandri stated, that does not concern him because it does not effect the business what so ever.

Mr. Smith answered, three percent (3%) of the \$500,000 savings is attributable to the fact that the gross earnings tax will be eliminated.

Mr. Killen asked, how many meetings were held? Such an important issue was bandied about verbally then translated to an eleven page document at the first that we knew that we were that close to this taking place.

Mr. Smith stated that the P.U.C. knew about it. The commission had information on this issue a few months ago..

Mr. Killen asked, how many commissioners sat in on the meeting?

Mr. Smith responded, we did not have a formal meeting.

Mr. Killen asked if the P.U.C. commissioners formally met to take a vote to appoint Mr. Smith as the formal negotiator or establishing any group as formal negotiators to go forward and try to seek a contract with Cytec? Is it on paper anywhere?

Mr. Smith responded, no. That is part of my responsibility and role as Director of Public Utilities.

Mr. Killen did not believe that to be true. The P.U.C. commission hires the Director of Public Utilities and he answers to them. He can make suggestions but until the P.U.C. gives authority for Mr. Smith to go out and negotiate, he has no authority to do so. It is that simple. There is no paper trail, it is missing.

Mr. Smith stated, in the fifteen years that he has been employed with the Town the P.U.C. has never had to tell him to go out and negotiate or do any of the jobs that he has had to do.

Mr. Killen stated, in the fifteen years that Mr. Smith has been employed with the Town the votes of the P.U.C. have been pathetic.

July 5, 1995

Mr. Smith stated, it is an unfair statement to make in defense of the commission. If they are aware of issues and want to vote, that is their privilege, we have had dissenting votes. We have had votes that the management staff of the division has not agreed to but they voted unanimous against the staff. We have made suggestions to the commission and you are right, they have voted unanimously against the recommendations.

Mr. Killen stated that he was angry that something of this magnitude is on the agenda of the meeting and there is a statement read into the minutes, just a few paragraphs of the contract, and another commissioner makes a motion to adopt the contract. Now we get to the matter of the contract. What contract did you adopt? Can anyone tell by reading the minutes what contract was adopted?

Mr. Smith responded, the Cytec agreement I assume.

Mr. Killen asked, how is anyone supposed to know by reading the P.U.C. minutes what that (the contract) consists of? He read from the minutes of the June 20th meeting which states: "Mr. Papale made a motion to approve the new power supply service agreement with Cytec, Mr. Gessert seconded it. Two yes votes." The contract is neither appended to the minutes nor is it read into the record, yet it is official.

Mr. Smith stated, we can append the contract to the minutes.

Mr. Killen pointed out that these are the kinds of things that are called for and should be called to their attention. He was surprised that the legal staff of the Town did not find anything wrong with this stuff. He recalled that it was not too long ago that he (Mr. Killen) brought it to the attention of the P.U.C. and utilities management staff that they cannot enter the Town into a contract for more than ten years. At that time they told him (Mr. Killen) that he was a fool. Upon reviewing the Charter however, they found him to be correct.

He went on to ask, if the meetings were held and there were no commissioners present and the meetings were not reduced to writing, how can someone find out how any of this came to fruition? The Council, itself, cannot meet without public notice, and must enter into Executive Session by certain criteria of the State Statutes. Here you are (Mr. Smith) carrying on (negotiating) in an area where no one knows what you have talked about and would not have any way of knowing if a better offer was made or a different offer was made. There is no way of finding out.

Mr. Smith reiterated, the commissioners were kept informed of the process, updates were sent to them, if they had questions they had opportunities to raise them. One of the commissioners sat in on one of the sessions.

Mr. Killen responded, we are supposed to have the power to supersede actions taken by the P.U.C., how can we do so if we don't know what that action was predicated on?

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He went on to say that the contract reads, "This contract will commence 7/1/95 pending approval by the Wallingford Town Council". He asked, why was that statement made in correspondence from Cytec signed by J.T. Cahill, Purchasing Manager dated June 26, 1995?

Mr. Smith responded, he felt that was a misinterpretation on their part.

Mr. Zandri stated, the night of the P.U.C. meeting Mr. Zandri stated that he would bring this issue before the Town Council and to make Cytec aware of the fact that there could be a potential delay because of that action. There is no approval required by the Town Council.

Mr. Killen stated, the commencement date is not correct since the rate has not been published in the newspaper as required by State Statute. Where does this contract stand at the moment?

Mr. Smith referred the question to P.U.C. Attorney Gerald Farrell.

Attorney Farrell stated that the opinion of the Town's legal counsel is that it is best to publish the amounts that will be paid by Cytec and treat it as a rate even though it is the opinion of Attorney Robert O'Neil (Miller, Balis & O'Neil, Washington, D.C.) that this did not have to be published but it may help to resolve the issue. Attorney Small and Attorney Farrell agreed with that position. The contract is not necessarily in effect. If the parties wished to treat it as though it were in effect they can choose to do so.

Mr. Zandri responded, not according to State Statute.

Mr. Gouveia stated, although he was not able to attend the last Town Council Meeting (6/27/95) he reviewed the videotape and was sure he heard Town Attorney Janis Small state that the Electric Division failed to comply with State Statute with regards to publishing the rate change.

Mr. Solinsky stated, Attorney Small stated that the rate could not go into effect until the Electric Division complies with State Statute. She stated that it should be advertised every day for one month prior to the rate taking effect.

Mr. Gouveia asked, is the contract in effect?

Attorney Farrell stated, the contractual agreement is in effect but could be challenged by Cytec and hang their hat on the State Statute. Until someone challenges it, it is in effect.

Mr. Gouveia stated, it is very clear that Attorney Small pointed out that the rate needed to be published. The experts in Washington did not pick up on that requirement so you should not always trust the experts. In reading the agreement it begins by saying, "This agreement is made and dated as of \_\_\_\_\_ between the Town of Wallingford, Connecticut, a municipality organized under the laws of the State of Connecticut, acting as the Wallingford Electric Division,

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and Cytec." This is an agreement between the Town and Cytec? It is my understanding that if it is an agreement between the Town, then the Town Council should take a vote on it. The way he interprets this, it is an agreement between the Town and Cytec therefore it takes five votes of the Town Council to approve it, not seven votes to override the action of the P.U.C.

Mr. Smith responded, the utilities department regularly and continually enter into contracts. Every contract they enter into is on behalf of the Town of Wallingford.

Mr. Rys stated, the contract reads, that the Town is acting as the Wallingford Electric Division.

Mr. Gouveia reiterated his position on the matter. As it is written, he believed that the agreement needed five votes of the Council to approve it since it is an agreement between the Town and Cytec. If he is being told that this agreement is between the Electric Division and Cytec then it needs seven votes to override.

Attorney Farrell stated, that's what it is saying. It is a contract between the Electric Division and Cytec. The Electric Division is not a separate legal entity, it is part of the Town.

Mr. Gouveia asked, why doesn't the Town of Wallingford act as the Town of Wallingford? Why is the Electric Division acting as the Town of Wallingford?

Mayor Dickinson responded, the Charter creates a P.U.C. and grants them authority to deal with utility matters as such. It emanates from the P.U.C. The commission is acting for the utility but it is all on behalf of the Town of Wallingford. As Attorney Farrell states, the Wallingford Electric Division is a facet of the Town, not a separate legal entity. Its authority grows out of the Charter which invests certain powers and conditions and sets up a scenario where the division functions in providing and operating utility issues.

Mr. Gouveia answered, he would feel a lot more comfortable if the agreement was written, "The Wallingford Electric Division, under the powers granted to it by the Wallingford Town Charter, hereby enters into an agreement." Then it would require seven votes of the Council to override the action. When you say that it is the Town of Wallingford that is entering into an agreement, then it requires five votes of the Council to approve it.

Mr. Killen stated, the wording would be entirely different but we would have achieved the same outcome. If it had said, "The Electric Division acting on behalf of the Town of Wallingford." But it says, "The Town of Wallingford acting as the Wallingford Electric Division.." We are not acting as the Wallingford Electric Division in any way, shape or form. We are acting as the Town Council, per se. We did not write this, it is written by someone else, it was adopted by someone else. The grammar is all off and if we took it to court we could win the case on it. The contract should be struck and worded correctly.

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Mr. Gouveia stated, although he does not relinquish the right to ask questions of the experts he will admit that he agrees with their expertise in this area, therefore he does not feel that he cannot judge whether or not this is a good contract. The experts feel that this is a good contract and that is fine, however, where is this going to stop? It seems that Cytec took advantage of the electric situation and they threatened and we blinked with a new contract. If, and there is a possibility that there are many others like Cytec in Wallingford who will come forward with the same threats, his fear is that other companies will want the savings...will we become a third party administrator of electric power supply in Wallingford?

Mr. Smith understood Mr. Gouveia's concerns.

Mr. Gouveia added, by allowing someone else has to pay less we are diminishing revenues, won't someone else have to pay more? Won't that someone else be the ratepayer?

Mr. Cooke responded, we may be the third party but if you are doing so at the benefit of the public, what is wrong with that? In looking at January 1994 minutes Mr. Zandri agreed that going out and contracting with large users was the thing to do pending the things that were being discussed at that particular time. At this point we have a contractual agreement, perhaps the heading is improper, but it has been signed by both parties who have agreed, in principle, about what is going on. It was the consensus that we should be looking at holding the large users into the Wallingford Electric Division, correct?

Mr. Zandri agreed. We should try and get into contracts with everyone, especially with the kind of climate that is out there right now, also keeping in mind that we are running a business and we have to watch out for ourselves as well.

Mr. Cooke responded, there is no question about that. That contract covers that. Before being appointed to the P.U.C. he (Mr. Cooke) sat with Mr. Smith for four hours and went over all of the major things that were in the works at the time, this contract being one of them, along with the possibility of co-generation and/or deregulation. We did discuss the water tower situation at Gaylord, pump station on Williams, Rd., etc. Although he was not up to speed, he was aware of what was going on. If he had been present at the meeting of June 20th, it would have been a unanimous vote. He was aware of the concept and what the contractual process was at that time.

Mr. Gouveia reiterated his concern that the ratepayer will be asked to pay more as a result of the contract that has been made and for those yet to be entered into with other power users seeking discounts. The statement was made before that the \$500,000 savings realized through the CMEEC plan is being passed along to Cytec. When are the owners and operators of the utility (ratepayers, taxpayers, residents of Wallingford) going to get some of that compensation? Some of those savings? It was not long ago that the Town Council tried to get \$460,000 for the residents and could not get it (budget workshops).

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But in the blink of an eye here is \$500,000 for one entity. The ratepayers/taxpayers of Wallingford could not get \$460,000 yet this entity gets \$500,000. There is no way of knowing if other entities will come seeking the same.

Mr. Rys asked, were all the P.U.C. commissioners aware that you (Mr. Smith) were entering into a contract with Cytec?

Mr. Smith responded, they were aware of it, yes.

Mr. Rys stated, you are covered by the Charter.

Ms. Papale stated, since Mr. Smith was away during the last Town Council Meeting she impressed upon him that she was dismayed with the way that the item was placed as an addendum on the agenda of the P.U.C. Meeting. It was explained to her that the reason it did not appear was due to an oversight on the part of the Executive Secretary of the Electric Division.

Mr. Smith stated, the agenda is normally put together Thursday before the meeting. He did not give a thorough review of the agenda, he did not pick up the fact that it did not appear on the agenda. He received a call from the representatives of Cytec asking when the item would be taken up at the meeting. At that point it was noted that it was not on the agenda. It was not intentional. It was posted properly to follow the regulations. He apologized.

Ms. Papale asked the Councilors, are those of you considering an override of the P.U.C. action doing so because you are unhappy with the contract or only because you are not happy with the way that it was presented and that the Council was not involved?

Mr. Zandri responded, he put the item on the agenda in the form of a motion to override simply because it is the only option available to the Council, not knowing what the content of the contract was, whether it was a good contract or bad one, he had no choice in the matter of presenting it in any other way therefore giving the Council the option to override it if the Council had determined that it was a bad contract after holding discussion on it tonight. If he had not put it on that way the Council would have lost the opportunity, seeing that they are restricted to fifteen days in which to override.

Ms. Papale stated, she is aware that many Councilors are not happy with the way that votes take place at the P.U.C. Meetings and she feels that the situation will not change, much as the Council slaps the P.U.C. on the wrist, they do their job the way they feel is sufficient for the Town. She wonders why we have P.U.C. commissioners to begin with if they are not able to do their job without the Council reprimanding them if the Council is not one hundred percent part of it (the process). She asked, does anyone in this room for a minute think that Cytec was calling our bluff?

Pasquale Melillo, 15 Haller Place, Yalesville responded, yes.

Mr. Killen stated, we will never find out.

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Mr. Smith responded, he felt that this was a very legitimate project. It could be accomplished, it was economically viable. It was in our best interest to retain Cytec as a customer for the long term,. Knowing that we don't have any other customers right now, they are obliged to us beyond tomorrow, in essence. If they pick up and leave tomorrow, they are off the hook. They don't have any obligation to stay with us as a customer if they don't have any other source. If retail wheeling is permitted there are people out there waiting now that are jockeying around to find out which customers are attractive. Cytec is the most attractive customer we have now. They are going to be the number one target. We have people calling us asking us for a list of our largest customers now. This is not unique to Wallingford, it is happening around the country. There are too many driving forces in the electric business saying that it has to change. This is the last remaining fully regulated industry. This is the first step of many we have to take if we want to remain in the business.

Mayor Dickinson stated, one factor was the possibility of co-generation by Cytec and the other factor was deregulation. The real playing field is deregulation and how we protect ourselves under the rules of the game. You just don't look at it as Cytec threatening us so we run to get a contract. It was addressing the larger issue of deregulation.

Mr. Killen made it clear that he has not axe to grind with Cytec. The fact that it could have been a bluff does not bother him one way or another. He reminded everyone that years ago Ashlar Village came to the Town looking for a tax break and the Town was assured that the law in Hartford was going to change and we had better get on board and give the tax break now or we were going to lose our entire entity. Well the law was never changed in Hartford and in the meantime Ashlar does not pay any taxes towards anything that has to do with education and they have been able to ride free. It has nothing to do with Cytec, but this is the kind of stuff that you have to think about carefully ahead of time. It has nothing to do with someone else trying to get a good deal. It has to do with what is the best for the Town of Wallingford. There are no minutes to pick apart and see how the terms and conditions of the contract were arrived at. He will vote to override the contract because there is a great deal more information he needs to know on the issue. He asked, why does the language of the contract state that the parties have the right to terminate the agreement with one year's written notice, yet it goes on to say that the notice cannot be given prior to the last year of the contract?

Mr. Smith explained that many other dates were proposed during the drafting of the agreement. The last issue of the agreement came to be whether or not it would be a five or seven year contract. It was consistent with the seven year contract.

Mr. Killen responded, the consistency is in the first line which states that the contract will end June 30, 2002. To put the other language in muddies the waters.

Mr. Smith stated, hopefully at that time we will be in a

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re-negotiation process.

Mr. Killen pointed out that the contract, as written with the one year's termination clause, can be interpreted so as to allow the contract to extend beyond seven years.

Mr. Gouveia stated, under the contract, the first page which sets out the reasons for the contract states that it is in response to the threat of co-generation. Mr. Smith stated earlier that it was due to the savings of the CMEEC deal being passed onto Cytec. That is not what the contract states at all. Any other power user in Town could make a copy of this contract and make the same case.

Mr. Smith responded, they could make a case but the rates would not be the same. This is a bilateral agreement. This is a commitment that they will not go ahead with the co-generation plan. Later on in the contract it talks about...if it is deemed feasible in a future year we have the right of first refusal in a co-generation project. That is important to us because somewhere in the turn of the century the project may make sense for the Town as a generator, maybe we would make it bigger but it gives us the right of first refusal.

Mr. Gouveia stated, the Mayor was right, there is a bigger picture here but the agreement does not anything about....basically it threatens with co-generation.

Mr. Knight stated, he has spent the last twenty years involved in a completely deregulated business. In 1980 the motor carrier industry in the U.S. deregulated. The companies now are charging in 1995 approximately what they were charging in 1980. The industry is working on razor thin margins. This is what the utility industry has in its future. This is not an idle threat (co-generation). This customer was in a perfect position, they need steam they need electricity. Secondly the technology has evolved to the point where small stations are starting to produce power for less money than it cost ten years ago. Mr. Zandri was right, if that retail wheeling comes about, everyone is out of the business. It could be a free for all. Is it a big bluff? Did we blink? Or did we read the cards that we are holding and the cards that they are holding and decide that the best thing to do would be to cut a deal and we cut a good one at that. Ray Smith and Bill Cominos studied what it would cost Cytec to do this as much as they studied what we were going to charge them. That is how you find where your adversary is in negotiating. A good business man weighs all his options and uses his best one.

Ms. Papale stated we need Cytec as an electric customer more than tax revenues.

Mr. Killen asked, is there any way the Town or Cytec can cancel the contract prior to the seven years term is up?

Mr. Smith responded, the Town cannot and neither can Cytec unless they move out of Town.

Mr. Killen disagreed. He read language from the contract which

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states, "Buyer may terminate this agreement prior to one year's written notice to WED in the event of partial closure, of the buyer's facilities at Wallingford resulting in electrical requirements purchase below the levels set forth in Section 1." It goes on to say, "In the alternative to Early Termination, Buyer may provide written notice to WED of its desire to amend certain terms and conditions of this Agreement including but not limited to the energy levels set forth in Section 1, and payment amount in Section 2. In the event Buyer notifies WED of its desire to amend this Agreement, the parties agree to negotiate..." Again, we have a lot of ifs, ands or buts on their side but not on ours. He did not understand why CMEEC is listed in this agreement that is strictly between the Town and Cytec.

Mr. Smith explained CMEEC is ensuring that they will have the power supply to give to us so we can, in turn, pass it on to Cytec. They have to be listed due to the fuel adjustment aspect which is part of this contract, any variations in fuel based on what ever the prices are that CMEEC has established with us.

Mr. Killen referred to language in the contract which reads, "Further, the Buyer or its assigns agrees to grant WED or CMEEC, acting on behalf of WED, an option to develop a cogeneration project for the buyer, if it becomes economically practicable and mutually beneficial to the Parties." He asked, why are we limiting ourselves to CMEEC?

Mr. Smith responded, CMEEC is our exclusive supplier for ten years and this contract involves seven of those ten years.

Mr. Killen stated, these are some of the questions that should have been asked by the P.U.C. commissioners.

Mr. Zandri stated, with regards to the State Statute requirements on this issue, he felt that it was not good practice for any Town department to do anything against what is clearly required in said Statutes. He read an excerpt of the Statute into the record as follows, "Any change shall take effect on the first day of the month and the new price adopted shall, before it takes effect, be advertised at least one month in some newspaper published in the municipality where the plant is located." It is clear what has to be done, the way it should be adopted and when the rate takes effect and it is not good practice for the Town to do anything other than what State Statute says.

Mr. Solinsky stated, his impression was that it had to be published every day for one month prior to it taking effect.

Mayor Dickinson stated, he will represent the fact that we will do everything as required by law there is some debate about the exact meaning of some of these terms. Given Attorney O'Neil's representation in the letter, it will be published. Whether it is required every day or one month ahead of time can still be resolved. We will follow what ever legal advice is given.

Mr. Zandri requested a copy of that opinion when released. From what has been explained tonight, upon looking at the gross profit it seems to increase for the division by \$25,000 - \$75,000 while the expenses

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remain the same. It appears as though we are going to come out ahead of the game.

Mr. Smith responded, that is why I strongly recommend the contract.

Mr. Zandri stated, as far as the procedures as concerned, the way this happened, being put on as an addendum, even though it is not legally required that you have a public hearing on this it is his personal opinion that you should have a public hearing this way it will follow the public hearing procedures and it will give everyone two weeks' notification on this, therefore if anyone has any questions on the contract it will not be a last minute thing that takes place. Again, he stressed that the procedure would be strictly voluntary but it is his recommendation to the commission.

As far as deregulation is concerned, Mr. Zandri stated that as a community, as far as the electric business is concerned, we are in trouble if deregulation happens. We have one ace in the hole right now and that is that the Town has a site for generation that a lot of places do not have. That particular site, in itself, is valuable today, it may not be valuable in the short term, in the near future. His recommendation is to look into what options the Town has down there as to whether we generate ourselves or utilize that value as some means to help us as a community. He still thinks that if deregulation comes we will be in trouble, big trouble. The customer who will suffer the most will be the residential customer. The reason for that is, the way the rates are structured right now under the DPUC the residential customer is being subsidized by commercial and industrial users. That is the way it is designed. They are wise to that and that is why they will push for deregulation because they know that their costs will go down and the bottom line will stay the same and there is only one way to make it up, the residential customer is going to get hurt.

Mr. Killen stated, the same as revaluation.

Mr. Zandri stated, as far as trying to override the action of the P.U.C., he now has enough information to assure him that the contract was a good one, therefore, he will not override the P.U.C.

Mr. Solinsky asked Mr. Smith to explain the \$25,000 customer charge?

Mr. Smith responded, it is an arbitrary number, selected as a base number to guarantee revenues.

Mr. Solinsky asked, does it go against usage?

Mr. Smith answered, no, it is there to establish that there is a certain amount of costs.

Mr. Solinsky asked, why is the contract seven years in length?

Mr. Smith responded, they did not want it for ten and he thought that the seven years would put the Town in good stead to see what was occurring, if deregulation did transpire, what it means to us, what the

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effects will be, etc. There would be three years left on their other agreement and he would prefer to be concurrent with the CMEEC agreement.

Ms. Papale concurred with Mr. Zandri and stated, although a public hearing is not normally the procedure, it would be better to hold one before the fact instead of having to come back like this evening. She thought it would put everyone in a better frame of mind about what the Public Utilities' office does. It could not cause any harm to do so.

Mr. Smith offered to pass that suggestion along to the P.U.C. members.

Philip Wright, 160 Cedar Street stated that he was concerned with the fact that Mr. Smith has been working on this for eighteen months or so and he is not in a position to tell us that Cytec or the third party is going to put in \$5 million or \$50 million, some ball park figure that could be used to evaluate the very point the Mr. Zandri is trying to make.

Mr. Smith assured Mr. Wright that he did evaluate that number sometime last fall and he was sorry he did not have that information available this evening.

Mr. Wright then asked, what was considered with regards to A.C. Moulding Compound? Did the third party know that that might happen? What will happen if they lose A.C. Moulding Compound, what will happen if those twenty-six mills stop running?

Mr. Smith responded, there is a band with a usage we are committed to supply based on their 1993 usage and down to eighty percent (80%) of that we are one hundred twelve percent (112%) of that. If they get below that, the rate will not be as attractive, they will pay more per kwh.

Mr. Wright asked, are we able to ask questions of Rich Krakowski (Plant Manager) of Cytec?

Mr. Solinsky saw no reason not to allow such questions.

Mr. Wright asked Mr. Krakowski for a ball park figure on what it would have cost to construct a plant.

Mr. Krakowski responded, like all companies we are continually trying to reduce our costs. Generally utility costs are major costs to the company, not just electricity but steam as well. Approximately eighteen months ago Cytec was facing a decision on our ability to supply steam to a plant. We do not have a do nothing case. We have 1940 vintage boilers. We have to do something to comply with the new environmental regulations as well as supply the plant. Based on the costs associated with utilities and/or steam needs, we looked at alternatives and co-generation was very attractive to them. He cannot go into the specifics of the contract due to the fact that Cytec has a third party confidentiality agreement. The third party would own and operate the unit and under some contractual agreements for taking both utilities, we would enter into a long term contract. He could

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not divulge any additional information on the contract. As Cytec proceeded through the process they felt it was important to keep the Town apprised because they knew that the Town also were entering into negotiations regarding the purchasing of electrical energy. Our initial discussions with Wallingford Electric were not pursuing better rates but to ask if they were interested in participating in the co-generation project and to make them aware that if Cytec went this route they would still need back up energy. The issue of getting an offer from the Town did not come to Cytec until that deal with CMEEC was consummated. The first time actual discussions were held between the Town and Cytec on a proposal was late December or early January, 1995. Although it has been portrayed that Cytec floated something out there to get better rates, that is not how it unfolded. Their intent, initially was to reduce their costs. If they sign and the electrical deal goes forward Cytec will have to spend capital to upgrade their boilers. They do not have a choice. He hoped the proposal goes forward. If not, they will have to move forward and make decisions on other proposals. This contract with the Town is Cytec's best alternative.

Mr. Wright asked again, what will the effect be on this contract if a large portion of that plant closes down?

Mr. Smith responded, their rates will go up if they go below eighty percent (80%) of their current usage levels. There is a formula outlined in the contract which details the rates that will apply if up the usage decreases. We no longer have an obligation to meet their target rate and they will be billed accordingly. Their unit prices will go up. Again, they have to drop below that eighty percent (80%).

Mr. Killen pointed out that Cytec has the right to re-negotiate.

Mr. Smith responded, yes they have a right to ask.

Mr. Solinsky stated that some risks mentioned by Mr. Wright exist today, if they left town we would still have a lower income as a result. Whether we had this contract or it was just like today with the current service.

Mr. Wright responded, there comes a point when getting bigger does not mean that you are doing anything other than spinning wheels.

Mr. Smith stated, maybe the right answer to that is relative to the current rate structure. If Cytec reduces its operations by that magnitude we will lose significant sales, probably still have the same relative impact or costs from other customers vis-a-vis the cost of the power supply. There is no protection right now.

Mr. Wright stated, we, the taxpayer or homeowner is taking the brunt of this.

Mr. Smith disagreed by stating, we will receive relatively the same dollars if not more than we are currently receiving from Cytec during this time period under the current rate structure. The big reduction in cost comes because of two reasons, we reduced our operating costs

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because of CMEEC and the impending gross earnings tax reduction.

Mr. Wright stated, that \$500,000 that Cytec is getting is coming out of the earnings of the division somewhere and someone has to make it up. CMEEC is established and if we did nothing.....

Mr. Smith stated, if you look at next year's budget we have reduced it by millions of dollars. This is reflecting a part of that. Our purchased power expense for next year is falling through to the customers. The fuel adjustment is a penny per kwh less today than it was seven months ago. The benefits are already falling through to the customer. We have packaged this a little different. We have put it in a package with other bells and whistles and ties back to co-generation. To go forward with a co-generation project we want the right of first refusal. In an attempt to be pro-active and make sure that this utility remains viable and is a good operating entity if retail wheeling occurs we are going to have ourselves maybe a pocketful of contracts that assures us that we will have customers.

Mr. Killen asked that the following statement be read into the record from the Cytec Agreement (page 7, Early Termination, 1.) "In the alternative to Early Termination, Buyer may provide written notice to WED of its desire to amend certain terms and conditions of this Agreement, including but not limited to the energy levels set forth in Section 1, and payment amount in Section 2. In the event Buyer notifies WED of its desire to amend this Agreement, the parties agree to negotiate in good faith to develop mutually acceptable modifications to the Agreement. If the parties fail to reach such mutually acceptable modifications, Buyer shall have the rights of Early Termination as if notice was given concurrently with the notice to amend certain terms and conditions of this Agreement." They can pull out. Everyone can not say later on that it was not in there.

Mr. Gouveia referred to page four regarding the fuel adjustment and asked, why are the charges adjusted for a two percent (2%) loss?

Mr. Smith answered, we buy from CMEEC at the transmission level and about 2% are lost getting it from our facility at a transmission level to the distribution level. It refers to loss of power, not money.

Mr. Gouveia asked, when speaking about old contract vs. new contract, what are you referring to?

Mr. Smith stated, there is no "old contract" simply old rates. He was referring to our rate five (5).

Mr. Gouveia asked, under the new contract with CMEEC it is expected that Cytec will spend "X" amount of dollars for electricity, to purchase it. With the same contract with CMEEC but with this agreement they will be spending \$500,000 less?

Mr. Smith responded, this agreement captures the savings available through the CMEEC agreement. The CMEEC agreement saves Wallingford approximately \$6 million and Cytec represents approximately 11% of sales, therefore they will save about 11% of the \$6 million. The

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not divulge any additional information on the contract. As Cytec proceeded through the process they felt it was important to keep the Town apprised because they knew that the Town also were entering into negotiations regarding the purchasing of electrical energy. Our initial discussions with Wallingford Electric were not pursuing better rates but to ask if they were interested in participating in the co-generation project and to make them aware that if Cytec went this route they would still need back up energy. The issue of getting an offer from the Town did not come to Cytec until that deal with CMEEC was consummated. The first time actual discussions were held between the Town and Cytec on a proposal was late December or early January, 1995. Although it has been portrayed that Cytec floated something out there to get better rates, that is not how it unfolded. Their intent, initially was to reduce their costs. If they sign and the electrical deal goes forward Cytec will have to spend capital to upgrade their boilers. They do not have a choice. He hoped the proposal goes forward. If not, they will have to move forward and make decisions on other proposals. This contract with the Town is Cytec's best alternative.

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Mr. Solinsky stated that some risks mentioned by Mr. Wright exist today, if they left town we would still have a lower income as a result. Whether we had this contract or it was just like today with the current service.

Mr. Wright responded, there comes a point when getting bigger does not mean that you are doing anything other than spinning wheels.

Mr. Smith stated, maybe the right answer to that is relative to the current rate structure. If Cytec reduces its operations by that magnitude we will lose significant sales, probably still have the same relative impact or costs from other customers vis-a-vis the cost of the power supply. There is no protection right now.

Mr. Wright stated, we, the taxpayer or homeowner is taking the brunt of this.

Mr. Smith disagreed by stating, we will receive relatively the same dollars if not more than we are currently receiving from Cytec during this time period under the current rate structure. The big reduction in cost comes because of two reasons, we reduced our operating costs

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because of CMEEC and the impending gross earnings tax reduction.

Mr. Wright stated, that \$500,000 that Cytec is getting is coming out of the earnings of the division somewhere and someone has to make it up. CMEEC is established and if we did nothing.....

Mr. Smith stated, if you look at next year's budget we have reduced it by millions of dollars. This is reflecting a part of that. Our purchased power expense for next year is falling through to the customers. The fuel adjustment is a penny per kwh less today than it was seven months ago. The benefits are already falling through to the customer. We have packaged this a little different. We have put it in a package with other bells and whistles and ties back to co-generation. To go forward with a co-generation project we want the right of first refusal. In an attempt to be pro-active and make sure that this utility remains viable and is a good operating entity if retail wheeling occurs we are going to have ourselves maybe a pocketful of contracts that assures us that we will have customers.

Mr. Killen asked that the following statement be read into the record from the Cytec Agreement (page 7, Early Termination, 1.) "In the alternative to Early Termination, Buyer may provide written notice to WED of its desire to amend certain terms and conditions of this Agreement, including but not limited to the energy levels set forth in Section 1, and payment amount in Section 2. In the event Buyer notifies WED of its desire to amend this Agreement, the parties agree to negotiate in good faith to develop mutually acceptable modifications to the Agreement. If the parties fail to reach such mutually acceptable modifications, Buyer shall have the rights of Early Termination as if notice was given concurrently with the notice to amend certain terms and conditions of this Agreement." They can pull out. Everyone can not say later on that it was not in there.

Mr. Gouveia referred to page four regarding the fuel adjustment and asked, why are the charges adjusted for a two percent (2%) loss?

Mr. Smith answered, we buy from CMEEC at the transmission level and about 2% are lost getting it from our facility at a transmission level to the distribution level. It refers to loss of power, not money.

Mr. Gouveia asked, when speaking about old contract vs. new contract, what are you referring to?

Mr. Smith stated, there is no "old contract" simply old rates. He was referring to our rate five (5).

Mr. Gouveia asked, under the new contract with CMEEC it is expected that Cytec will spend "X" amount of dollars for electricity, to purchase it. With the same contract with CMEEC but with this agreement they will be spending \$500,000 less?

Mr. Smith responded, this agreement captures the savings available through the CMEEC agreement. The CMEEC agreement saves Wallingford approximately \$6 million and Cytec represents approximately 11% of sales, therefore they will save about 11% of the \$6 million. The

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\$500,000 they will save is the result of the CMEEC agreement.

Mr. Gouveia asked, then why do you need this agreement?

Mr. Smith responded, because I wanted them around for a longer period of time than they are committed to otherwise.

Pasquale Melillo, 15 Haller Place, Yalesville felt that we are bowing to big business demands. Wallingford will still own the lines, transformers and equipment necessary to serve users. Why aren't those things we are holding important.

Mr. Zandri responded, when deregulation comes any electric customer will be able to purchase electricity from any supplier and part of the equation will be that the company who owns the transmission lines will receive only a small piece of the pie for letting that electricity flow through his lines. The end user and supplier will be dealing with each other and the owner of the lines will be the middle man and will receive a very small piece of the pie, it will not be a bargaining chip at all.

Mr. Melillo stated that we should all thank Mr. Killen for studying the Charter so thoroughly and for pointing out that this contract is a blank check for Cytec. It has too many gray areas and loopholes. He asked if Northeast Utilities have been contacted to see if they are willing to give any concessions on this?

Mr. Smith responded, a key element agreement to the purchased power agreement with NU was to put that provision in there regarding Cytec. There was an entire section in the agreement called Cytec Load Loss We did not know back then whether or not Cytec was going to go ahead with the project or not so we covered our bases by including that provision in the NU agreement.

Mr. Melillo stated, the way the contract is consummated today, it seems a real possibility that any resident can sue the Town of Wallingford on the issue. Why haven't our experts determined the need for the Town to go into its own generation project at this time?

Mr. Smith responded, it is cheaper to purchase the power. We are currently buying it for \$.04 per kwh and to produce it would cost \$.06 per kwh out of the Pierce Plant. We cannot generate enough to cover our own needs not to mention that it is not economically the right thing to do.

An unidentified member of the public asked, why not give Cytec \$200,000 of the savings realized from CMEEC rather than the \$500,000.?

Mr. Smith responded, he did not feel that the \$200,000 savings would be enough to sway Cytec from their project.

Mr. Gouveia agreed with Mr. Melillo's statement that someone could very well take the contract to court and it could be vacated in view of the fact that it was adopted without following State Statute requirements pertaining to the publishing of the rate. This agreement

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does open doors through which many other entities in Town will try to drive through and we need to drive a hard bargain for he fears the impact that it will have on the residential ratepayer and he feels that the taxpayer is not being paid enough for the Electric Division. He stated again, that he is not pleased with the wording of the agreement. He thinks that it should be a contract between the Town of Wallingford in concurrence with the wishes of the Electric Division in which case it would require five votes of the Council or an agreement between the Electric Division as authorized by the Town Charter which requires them to vote and seven votes from this Council to override their action. Playing around with words like this could very easily be used against the best interests of the Town. By playing around like this it requires only seven votes instead of five.

If Mr. Killen was interested in taking a vote on this Mr. Solinsky felt that a specific motion to Override the P.U.C. Action Taken on the Contract is in order.

Mr. Killen argued the point that the P.U.C. minutes are not clear with regards to what contract they took action on. No copy of the contract was appended to their minutes to identify it. He is not clear as to what action they took.

Mr. Solinsky felt that the Town Council's agenda item was not clear enough to be voted on.

Motion was made by Mrs. Duryea to Append a Copy of the Cytec Agreement to the Minutes of This Meeting, seconded by Mr. Killen.

VOTE: Papale was absent; all others, aye; motion duly carried.

Motion was made by Mr. Zappala to Adjourn the Meeting, seconded by Mr. Rys.

VOTE: Papale was absent; Killen, no; all others, aye; motion duly carried.

There being no further business, the meeting adjourned at 8:45 P.M.

Meeting recorded and transcribed by:

*Kathryn F. Milano*  
Kathryn F. Milano  
Town Council Secretary

Approved by:

*Thomas D. Solinsky* 7-25-95  
Thomas D. Solinsky, Chairman Date

*Kathryn J. Wall* 7-25-95  
Kathryn J. Wall, Town Clerk Date

ADDENDUM TO THE AGENDA  
PUBLIC UTILITIES COMMISSION  
JUNE 20, 1995

ELECTRIC

7a. Discussion and Action: Approval of the Cytex Power Service Supply Agreement.

RECEIVED ON FILE 6/19/95  
AT 12:10 PM  
ATTEST [Signature]

POWER SUPPLY SERVICE AGREEMENT  
CYTEC

This Firm Power Supply Service Agreement ("Agreement") is made and dated as of \_\_\_\_\_ between the Town of Wallingford, Connecticut, a municipality organized under the laws of the State of Connecticut, acting as the Wallingford Electric Division, Department of Public Utilities ("WED") and CYTEC INDUSTRIES INC., a corporation organized under the laws of the State of Delaware ("Buyer").

WHEREAS, WED has committed to provide reliable and economic power to the residential, commercial and industrial consumers of the electricity located within the Town of Wallingford; and

WHEREAS, WED has committed to take such steps as are necessary to meet the energy requirements of its customers; and

WHEREAS, Buyer is a long-term and valued industrial customer of WED; and

WHEREAS, Buyer has considered the economic benefits of substituting part of the electric requirements supplied by WED with cogenerated electricity from a new facility to be located at Buyer's plant site; and

WHEREAS, Buyer is willing to forego development of a cogeneration facility at its plant site and commit to purchase all of its electric requirements from WED in consideration of certain commitments by WED as to rates and charges; and

WHEREAS, WED is willing to make such commitments as to rates and charges as set forth herein:

NOW THEREFORE, in consideration of the mutual obligations and undertakings set forth herein, it is agreed as follows:

1. TERM AND BUYER'S PURCHASE AMOUNT

This Agreement shall commence at 12:01 A.M. on July 1, 1995, or such other time as the parties mutually agree to in writing, and shall continue unless terminated as provided herein until 12:00 P.M. (Midnight) on June 30, 2002 (the "Term"). This Agreement shall be binding upon Buyer and/or its successors or assigns and upon WED, its successors or assigns.

Buyer may terminate this Agreement, upon one year's prior written notice provided, however, such notice may not be given before June 30, 2001. The Buyer, and/or its successors and assigns, shall be responsible for payment of all charges due or which will become due including charges from the Connecticut Municipal Electric Energy Cooperative (CMEEC) for firm service supplied to WED for Buyer's use.

For each hour of the Term, Buyer shall be entitled to take an amount up to 10,200kW of capacity and available energy, provided the total calendar year annual energy usage is between 49,398 MWH and 69,158 MWH in accordance with the terms of Section 2 and Exhibit A, Section II of this Agreement. Buyer shall be entitled to a discount of \$.002/kWh to the Energy Rates set forth in Exhibit A, Section I and the Target Rates set forth in Exhibit A, Section II.

2. PAYMENT

A. Customer Charge

Buyer shall pay to WED a customer charge of twenty-five thousand dollars (\$25,000) per month during each month of the Term to cover the cost of administering, maintaining, and billing service under this Agreement. Buyer's customer charge responsibility shall be suspended pro rata under the following circumstances:

(1) Buyer's Wallingford facility has been completely out of service for at least thirty (30) consecutive calendar days as the direct result of a Force Majeure condition wholly beyond Buyer's control. Buyer agrees to repair diligently all facility damage if economically feasible as promptly as reasonably possible; so long as Buyer is diligent by proceeding to repair the facility, then Buyer will not be obligated to pay WED with respect to the pro rata period beginning the 31st day following the notification by Buyer of the Force Majeure event and ending the day the facility first resumes operating, or should have commenced operation if Buyer had diligently and promptly effected repairs.

(2) Buyer has permanently closed its facility and informed WED it has no intention of reopening its facility for the remainder of the Term, then Buyer will not be obligated to pay customer charge beginning with the 13th month following Buyer's written notification to WED that Buyer has closed its facility.

#### B. Demand Charge

Buyer shall pay to WED a demand charge for each month during the Term. The monthly demand charge shall be determined on the basis of the highest kW demand measured during any 15 minute period during the month and shall be computed as the sum of the following:

(1) The Exhibit A, Section I demand charge times the kW monthly peak demand (expressed in kilowatts) and;

(2) For any month that the Buyer's monthly load factor is below 80%, there shall be an additional charge of \$15 per kW-month applied to the difference between the metered peak demand (expressed in kilowatts) in such month less the computed equivalent demand (expressed in kilowatts), where such computed equivalent demand associated with Buyer's actual energy usage for each month would result in an 80% load factor for such month. The computed equivalent demand shall be determined as follows:

computed equivalent demand =  $\frac{\text{Actual energy usage (kWh)}}{0.8 \text{ times the number of hours in the month}}$

### C. Energy Charge

Buyer shall pay to WED an energy charge for each month during the Term which shall be the product of the energy rates set forth in Exhibit A, Section I and the monthly metered energy (expressed in kilowatt hours) of Buyer. The energy charge shall be based on the cost of supply from CMEEC. The energy rate shall be as shown in Exhibit A and be subject to fuel adjustment charges above or below base fuel charges included in the energy rate. Energy charges as shown in Exhibit A are estimated only insofar as the said base fuel portion may vary from month to month. If in any month the monthly energy usage is less than 4,116,500 KWH, an additional \$0.003/KWH shall be added to all KWH billed in that month. If in any calendar year the annual energy usage of the Buyer is within the levels as set forth in Section 1, then for each month in which the Buyer's energy usage is 4,116,500 KWH or greater and the monthly load factor is 80% or greater, an adjustment factor as described in Exhibit A, Section II, shall be applied to each such month to adjust the average total cost for such months to the Target Rates shown in Section II.

### D. Fuel Adjustment

The Energy Charges shown in Exhibit A are based on forecasted fuel adjustment charges. Billings will be rendered by WED based on actual fuel adjustment charges incurred by WED from its supplier CMEEC and adjusted for losses of 2%. Buyer acknowledges that the actual monthly charges will vary due to fluctuations up or down from the forecasted base fuel charges.

### E. Power Factor

Buyer shall be responsible for maintaining an average monthly power factor of ninety-eight percent (98%). WED shall measure the Buyer's power factor on a continual basis. For each month that the average power factor falls below ninety-eight percent (98%), an additional charge to the billing shall be made at a rate of \$0.35 per KVAR per month for all KVAR supplied in excess of that required at a 98% power factor level in each month.

3. CONTINGENCY REGARDING TAXES AND FEES

The charges set forth herein are predicated on local, state and federal taxes and tax rates applicable and in effect as of the date hereof, and that such taxes remain unchanged during the entire Term of this Agreement. In the event that WED is charged with additional costs due to tax rate increases, any time prior to or after the commencement of the Term, the charges hereunder shall be appropriately adjusted at a dollar-for-dollar basis of the tax increase, and an adjusted bill will be rendered to, and paid by, Buyer, and all increases in such taxes related to this Agreement shall be borne by Buyer. The Gross Earnings Tax (GET) of the State of Connecticut is scheduled to be phased out for qualified industrial users. Those tax rates including the scheduled phase out of the GET, are incorporated in the charges described in this Agreement and charges in this agreement shall be adjusted in the event that phase-out does not occur as forecasted.

Without limiting the foregoing, it is expressly understood that if any governmental authority requires the payment of any fee or assessment not provided for elsewhere in this Agreement of a sales, gross revenue or other form of tax other than taxes on, or measured by, net income or profit, with respect to payments made for service rendered under this Agreement, the obligation to make payment for such fee, assessment or tax shall be borne by Buyer by being added to its charges on the billings from WED as a pass through.

4. METERING AND COMMUNICATIONS EQUIPMENT

WED will provide and maintain the necessary primary metering system including meters, potential transformers, current transformers and appurtenances required to properly measure Buyer's usage. Buyer shall secure and provide one voice grade duplex telephone circuit and pay appropriate charges to supplier. WED will use said telephone circuit to have ability to continually monitor Buyer's usage.

5. BILLING

The Buyer shall be obligated to promptly pay to WED all payments billed pursuant to this Agreement. Bills shall be rendered by WED as soon as reasonably practicable after the end of each calendar month. Each such bill shall incorporate such information as may

be reasonably necessary to determine the payments due with respect to the month. Each such bill shall be subject to adjustment for any errors in arithmetic, computation, meter readings, estimating, or otherwise. WED shall make any such billing adjustments to which the Buyer is due as promptly as practical.

All payments shown to be due on any bill, subject to subsequent adjustment as heretofore provided, shall be due and payable not later than fifteen (15) days after such bill is mailed by WED ("Due Date"). Any amount remaining unpaid after such Due Date shall bear interest at the annual rate of two percentage points over the interest rate on prime commercial loans then in effect at Fleet Bank, N.A. or WED's main lending institution calculated from the date of the invoice to the date of payment. If Buyer fails to pay WED within 15 days of WED's mailing of an invoice, WED may provide written notification of default being sent to Buyer by registered or certified mail and unless payment is received within 7 days of the notice being sent, WED shall have the right to terminate service under the Agreement without further notice to Buyer, and WED's obligations to continue to provide service under this Agreement shall cease, it being understood that Buyer's obligation to pay all charges set forth in Section 2 of this Agreement will remain in effect for the entire Term.

If the Buyer, in good faith, disputes the amount of any bill, Buyer shall itemize the basis for its dispute in a notice to WED on or before the Due Date, and remit to WED any undisputed balance before the Due Date. Upon final resolution of the dispute, interest shall be calculated at the rate set forth above on all amounts determined to be due and unpaid as of the Due Date through the date of receipt of payment by WED but no later than thirty (30) days from the date of final resolution of such dispute. Except for a good faith dispute of a portion of a bill, nothing herein shall prevent WED's right to terminate service for default as described in this Section.

6. EARLY TERMINATION

Buyer may terminate this Agreement (Early Termination) upon one year's prior written notice to WED in the event of a partial closure of the Buyer's facilities at

Wallingford resulting in electric requirements purchase below the levels set forth in Section 1. In the event of Early Termination, Buyer agrees to purchase all of its electric requirements from WED under the then-applicable general tariff of WED for any similarly situated customers and to make Early Termination payments of twenty-five thousand dollars (\$25,000) per month for each month remaining of the Term of this Agreement not to exceed thirty (30) months of Early Termination payments. In the alternative to Early Termination, Buyer may provide written notice to WED of its desire to amend certain terms and conditions of this Agreement, including but not limited to the energy levels set forth in Section 1, and payment amount in Section 2. In the event Buyer notifies WED of its desire to amend this Agreement, the parties agree to negotiate in good faith to develop mutually acceptable modifications to the Agreement. If the parties fail to reach such mutually acceptable modifications, Buyer shall have the rights of Early Termination as if notice was given concurrently with the notice to amend certain terms and conditions of this Agreement.

7. AFTER TERMINATION OR CANCELLATION

The applicable provisions of this Agreement shall continue in effect after termination or cancellation of this Agreement to the extent necessary to provide for final billing, billing adjustments and payments.

8. LIABILITY FOR DELIVERY

Buyer agrees that WED shall not be liable for any failure of delivery to Buyer due to Force Majeure conditions.

9. FORCE MAJEURE

As used in this Agreement, "Force Majeure" means any cause beyond the reasonable control of, and without the fault or negligence of, the party claiming Force Majeure. It shall include, without limitation, acts of God, sabotage, strikes or other labor difficulties, riots or civil disturbance, act of public enemy, drought, earthquake, flood, explosion, fire, lightning, landslide, or similar cataclysmic occurrence, or appropriation or diversion of electricity by sale or order of any governmental authority having jurisdiction thereof. Economic hardship of either party shall not constitute a Force Majeure under this Agreement.

If either party is rendered wholly or partly unable to perform its obligation under this Agreement because of Force Majeure as defined above, that party shall be excused from whatever performance is affected, by the Force Majeure to the extent so affected, provided that:

a. The nonperforming party promptly, but in no case longer than five working days after the occurrence of the Force Majeure, gives the other party written notice describing the particulars of the occurrence.

b. The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the Force Majeure.

c. The nonperforming party makes reasonable efforts to remedy its inability to perform.

d. WED's obligation to provide such service shall be modified in proportion to the effect of Force Majeure conditions. In addition, Buyer's bill shall be reduced to reflect the reduced level of service due to the Force Majeure event.

#### 10. LAWS, REGULATIONS, ORDERS, APPROVALS AND PERMITS

This Agreement is made subject to present and future local, state and federal laws and to the regulations or orders of any local, state or federal regulatory authority having jurisdiction over the matters set forth herein; and performance hereunder is conditioned upon securing and retaining such local, state or federal approvals, grants or permits as may from time to time be necessary with respect to such performance. All parties agree to make reasonable efforts to secure and retain all such approvals, grants or permits.

In the event that the IRS or bond counsel to CMEEEC or WED determines that this Agreement or any provision described in this Agreement adversely affects the exclusion of interest on CMEEEC's or WED's indebtedness from gross income for purposes of federal income taxation, the parties shall, in good faith and with due diligence, negotiate alternative provisions to ensure that the Parties are in similar economic positions to those they would have occupied if the Agreement or any provision described therein had not been determined to impact adversely CMEEEC's or WED's tax-exempt indebtedness.

11. ACCOUNTS AND RECORDS

WED shall keep complete and accurate records, meter readings and memoranda of Buyer's operations hereunder and shall maintain such data for a period of at least one (1) year after each transaction. Buyer shall have the right, during normal business hours, to examine and inspect all such records, meter readings and memoranda insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of all relevant data, estimates, or statement of charge submitted by one party to the other hereunder.

12. NOTICES

Notices under this Agreement, except for monthly billing invoices, shall be deemed fully delivered or served when deposited in the U.S. mail, postage prepaid, by first class, registered or certified mail, addressed to WED or to Buyer. Notice of Force Majeure may be made by telefax, in writing, and registered or certified mail. All notices shall be addressed to:

WED:

Buyer:

Director of Public Utilities

~~Corporate Secretary~~

Department of Public Utilities

Cytec Industries

100 John Street

5 Garrett Mountain Plaza

Wallingford, CT 06492

West Paterson, NJ 07424

(203) 265-1593

copy: Wlfd. Plant Manager

The designees for Buyer and WED listed above for receiving notice may be changed upon written notice.

13. FUTURE COGENERATION OPTION

This Agreement is being entered into by the parties in recognition of the Buyer's interest in possibly developing a cogeneration facility at Buyer's Wallingford site. WED and the Buyer agree that during the Term of this Agreement, that the Buyer shall not construct a cogeneration facility, nor contract with any third party for the construction of a

cogeneration facility except with the express written approval of WED. Further, the Buyer or its assigns agrees to grant WED or CMEEC, acting on behalf of WED, an option to develop a cogeneration project for the Buyer, if it becomes economically practicable and mutually beneficial to the Parties.

At the end of this Agreement, in the event that the Buyer solicits proposals from qualified third parties for a cogeneration facility, the Buyer shall offer WED the opportunity to respond to rates, terms and conditions of any arrangement offered to the Buyer to develop a cogeneration facility on behalf of the Buyer. If WED or CMEEC is willing and able to provide comparable benefits to the Buyer, then the Parties will enter into contract negotiations establishing the applicable terms and conditions of such arrangement.

14. MISCELLANEOUS

a. Deliveries by WED to Buyer shall be from WED's 13.8 kV system to the Buyer's equipment located in Wallingford, Connecticut.

b. WED undertakes no obligation to construct new facilities or to modify its existing facilities to ensure delivery of the Buyer's purchase unless mutually agreeable arrangements for the recovery of the costs of such facilities are developed by the parties.

c. Each party shall prepare, execute and deliver to the other party hereto any documents reasonably required to implement any provision hereof.

d. Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as the original.

e. This Agreement shall constitute the entire understanding between the parties hereto and shall supersede any and all previous understandings pertaining to the subject matter of this Agreement.

f. This Agreement may be modified only by an instrument in writing signed by the parties hereto.

g. Failure of either party to enforce any provisions of this Agreement or to require performance by the other party(s) of any of the provisions hereof shall not be construed as a waiver of such provisions or affect the validity of this Agreement, any part

hereof, or the right of either party to thereafter enforce each and every position.

h. A holding by any court or governmental agency having jurisdiction, that any provision of this Agreement is invalid shall not result in invalidation of the entire Agreement, and all remaining terms shall remain in full force and effect.

15. CONDITIONAL EXECUTION:

Execution of this Agreement on behalf of Buyer is conditioned approval of such execution within thirty (30) days after the date hereof by Buyer's Executive Committee. Buyer shall give WED written notice of such approval within five (5) days after it has been obtained. If Buyer does not give such notice within thirty-five (35) days after the date hereof, this Agreement shall be void.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective duly authorized representatives as of the date first above written.

TOWN OF WALLINGFORD  
DEPARTMENT OF PUBLIC UTILITIES  
WALLINGFORD ELECTRIC DIVISION (WED)

\_\_\_\_\_  
\_\_\_\_\_

BY \_\_\_\_\_

CYTEC INDUSTRIES, INC. (BUYER)

\_\_\_\_\_  
\_\_\_\_\_

BY \_\_\_\_\_

EXHIBIT A

Section I

CYTEC

Customer Charge: \$25,000 per month throughout this agreement

Demand Charge:

1995	\$6.40/kW - mo.
1996	\$6.40/kW - mo.
1997	\$7.30 kW - mo.
1998	\$8.80 kW - mo.
1999	\$10.00 kW - mo.
2000	\$12.30 kW - mo.
2001	\$13.20 kW - mo.
2002	\$14.30 kW - mo.

Energy Rate:

	<u>Total Estimated Charge</u>	<u>Base Fuel Included</u>
1995	\$.032/KWH	\$.01464/KWH
1996	\$.033/KWH	\$.01577/KWH
1997	\$.033/KWH	\$.01485/KWH
1998	\$.034/KWH	\$.01688/KWH
1999	\$.034/KWH	\$.01620/KWH
2000	\$.034/KWH	\$.01670/KWH
2001	\$.035/KWH	\$.01770/KWH
2002	\$.0370/KWH	\$.0194/KWH

Base fuel charges are the estimated annual fuel cost built into the energy charges for energy supplied by CMEEC. An adjusted energy charge will be applied for all kilowatt hours billed for fuel adjustment charges above or below the base fuel rates as charged by CMEEC.

ITEM NO. 7a-17  
JUN 20 1

EXHIBIT A

SECTION II

The intent of this agreement is to provide average cost energy to the Buyer of the following annual rates (subject to fuel adjustment and not including power factor adjustments).

TARGET RATES

- 1995 \$47.5/MWH (Starting July 1, 1995)
- 1996 \$48.5/MWH
- 1997 \$50.0/MWH
- 1998 \$53.5/MWH
- 1999 \$55.5/MWH
- 2000 \$59.5/MWH
- 2001 \$62.0/MWH
- 2002 \$65.5/MWH

These Target Rates will apply to Buyer's Customer Charge, Demand Charge, and Energy Charge (adjusted for fuel costs) in any calendar year during which Buyer's energy usage is between 49,398 MWH and 69,158 MWH. For each month in such calendar year during which the Buyer's energy usage is 4,116.5 MWH or greater and the monthly load factor is 80% or greater, an adjustment factor shall be applied to bring the average total cost for such months to the Target Rates shown above.

For example (assume Fuel Adjustment as Estimated). If in 1998, the total charges are:

Energy 55,000MWH @ \$34/MWH	\$1,870,000
Customer Charge	\$ 300,000
Demand 7,848KW x 12 x \$8.8/KW	\$ 828,748.80
	<u>\$2,998,748.80</u>

Average Cost	\$54.52/MWH
Target Rate	\$53.5/MWH
Adjustment 55,000MWH x \$1.02 - \$56,100 Credit (annual basis)	

NOTE: This adjustment will not be applied when any monthly energy usage falls below 4,116,500KWH.