

**CITY OF BRIDGEPORT
CONTRACTS COMMITTEE**

TUESDAY, FEBRUARY 14, 2012

6:00 PM

ATTENDANCE: Council members: Brannelly; Co-chair, Silva; Co-chair, Paoletto, Holloway, dePara, Vizzo-Paniccia

OTHER(s): J. Ricci, Airport Manager, Sikorsky Memorial
Bill Coleman, Director Neighborhood Development
R. Pacacha, Associate City Attorney
Bridgeport Police Chief Joe Gaudett

Co-chair Silva called the meeting to order at 6:05 pm.

He stated that item 45-11 would be moved to the top of the agenda.

Approval of Committee Meeting Minutes of January 10, 2012

**** COUNCIL MEMBER BRANNELLY MOVED TO ACCEPT THE MINUTES**

**** COUNCIL MEMBER PAOLETTO SECONDED**

**** MOTION PASSED UNANIMOUSLY**

45-11 Proposed lease agreement with United States Department of Transportation re: Lease No. DTFAEN-11-L-00095

John Ricci stated that the lease consisted of a five-year renewal and extension of the existing lease for the tower at the airport. He explained that there was an increase in the rent and they had an \$8,000.00 increase over the last year that will take them through the next five years.

Co-chair Brannelly asked Mr. Ricci to clarify the \$8,000.00 increase. Mr. Ricci said the increase would be over the course of five years that averages to 3% per year.

Co-chair Brannelly asked what the difference was between the 3% and \$8,000. Mr. Ricci said the way it's calculated it ends up being pretty close.

**** COUNCIL MEMBER PAOLETTO MOVED TO APPROVE
** COUNCIL MEMBER HOLLOWAY SECONDED
** MOTION PASSED UNANIMOUSLY**

***Consent calendar**

38-11 Proposed Lease and Option to purchase agreement for 485 Howard Avenue to be used by the Police Department

Bill Coleman was present to discuss the item.

Council member Holloway clarified that the item pertained to the Purchasing Department unit. He questioned why a representative wasn't present from that department. He went on to explain that every lease goes out to purchasing and they have to make a recommendation to the city council and give an update on the number of people that responded to the RFP.

Attorney Pacacha said that function falls under the Board of Public Purchase. Council member Holloway questioned why the committee should listen to Mr. Coleman from the Office of Planning and Economic Development and not someone from the Board of Public Purchase. He said he thought they would get a bigger view of what has happened from that department. Attorney Pacacha said he didn't recall the city council ever receiving a report from the Board of Public Purchase. He added that Mr. Coleman had the background information that the committee required.

Attorney Pacacha said the contracting officer made the determination of what the best arrangement would be and he thought that person was from OPED.

Council member dePara commented that Council member Holloway had a valid point if the item exclusively pertained to a purchasing agreement. However, he said this item pertained to a lease that generally comes before the committee without any approval from the Board of Public Purchase. He further noted that if the item goes any further, the Board of Public Purchase would get involved.

Mr. Coleman updated that there was an RFP process, noting that the results were on file. He explained that OPED has the authority to contract out to make deals as an

agent of the city and make recommendations to the committee and the city council. He didn't think they had to go back to the Board of Public Purchase for approval.

Council member Holloway stated that he committee wasn't aware of what the best deal was though. Mr. Coleman said that was why he was present to make the recommendations.

Council member Holloway recalled there was a city council ordinance submitted by former Mayor Fabrizi and Nancy Hadley (#15-08-020) that dealt with building departments and outlined pertinent information. Co-chair Brannelly interjected to ask to hear the presentation first. Council member Holloway continued to speak and he said the city will not deal with any company or companies that owe taxes to the WPCA. He emphasized that the property at 485 Howard Avenue hasn't paid taxes to the WPCA in five years. He further mentioned that there are properties in that neighborhood that owed back taxes and those properties and homes have been foreclosed on. He noted the amount of taxes that was owed at 485 Howard Avenue was \$40,754.48 plus interest. He stressed that if the ordinance is followed, they wouldn't be here. He felt that the matter involved a violation of the ordinance because of the taxes owed.

Co-chair Silva stated that the item was previously before the committee last year and he didn't believe that any taxes were owed on the property at that time.

Council member Holloway explained that if they were going to deny the opposition of A, B or C and take B and entertain a motion to approve; then the committee is wrong. He said he didn't think that 485 Howard Avenue was a bad piece of property; however, they haven't lived up to their obligation to the City of Bridgeport.

Council member Paoletto stated that they should give Mr. Coleman from OPED the opportunity to present the information, hear what's before the committee and forget what has transpired in the past.

Co-chair Brannelly read a portion of ordinance (#15-08-020) regarding the building permit issue. She clarified that that particular information contained in the ordinance wasn't part of the item they were discussing tonight. She stated that all the taxes owed on the property would be made whole prior to any agreement. She further clarified that a building permit isn't being issued and she reiterated that the committee should have the chance to hear the presentation.

Attorney Pacacha clarified that this is a different situation and they had to look at the deal as a deal that would be done with a bank, as it would be in a prime lender situation. He further clarified that there's a foreclosing lender that has a prime rate available. He

explained that the purchasing ordinance reads that the city doesn't work with anyone that is behind in taxes.

Council member Holloway stated that there were many in Bridgeport that have lost their homes and businesses. He commented that Attorney Liskov and the city attorney's office come down on people that fall behind in their taxes. He further stressed that there are residents in his district that were unable to pay their water and tax bills and they have had their property taken away. So he questioned why this property shouldn't be foreclosed on.

Co-chair Silva asked again to hear the presentation that will allow the committee to make a decision.

Mr. Coleman agreed that the property is behind on taxes at. He mentioned that during the year 2010 the amount was \$77k. He clarified that the bank ultimately paid the taxes, not Mr. Bachaletta. He explained that if a foreclosure takes place, it would be done by the bank. He said the liens on the back taxes have been sold and Mr. Bachaletta isn't receiving any special treatment.

Mr. Coleman went on to say that they looked at the police department recommendations and analysis on finances were done – *he distributed information containing the chronology that highlighted specific points.*

Council member dePara suggested that the information containing the timeline chronology be entered into the record as **exhibit 1-38-11**.

**** COUNCIL MEMBER dePARA MOVED TO ENTER EXHIBIT 1-38-11 TIMELINE CHRONOLOGY INTO THE RECORD**
**** COUNCIL MEMBER HOLLOWAY SECONDED**
**** MOTION PASSED UNANIMOUSLY**

Attorney Pacacha stated that some of the information to be discussed tonight related to the building, it should be kept confidential.

Mr. Coleman recalled that during the spring of 2010, there were discussions with Max Perez, OPED and they leaned towards the building located at 485 Howard Avenue. They also worked with the bank to obtain capital funding and HUD-101 funds went into the project (*he submitted the information*). He stated that most of the loans have been paid and the city council subsequently requested that an RFP go out in the fall of 2010. They received seven (7) responses and three of those were short-listed. However, the buildings were found to be too small – *per the information submitted*. And the top three (3) choices were short-listed on the operational and financial side. Overall, focus was on

the property located at 485 Howard Avenue and 4050 South Avenue. *It was noted that three (3) exhibits were entered into the record.*

**** COUNCIL MEMBER BRANTLEY MOVED TO ENTER THE THREE (3) EXHIBITS INTO THE RECORD**

**** COUNCIL MEMBER VIZZO-PANICCIA SECONDED**

**** MOTION PASSED UNANIMOUSLY**

Mr. Coleman stated that the process was thorough and lengthy. He said the building will go into foreclosure if Mr. Bachaletta doesn't make good on his debt. The bank will take the building over because they are owed \$2million and the city is owed \$100k. He said it would be more prudent for the bank to foreclose than the city to take action. The agreement is a lease with the option to buy. Co-chair Brannelly clarified that it's a three-year agreement.

Mr. Coleman stated that the bank will own the property and they will receive any lease payments that are made.

Council member Holloway questioned why they should pay X-amount of dollars to build up equity, just to have it be sold. Mr. Coleman responded that was a point well taken, but he said if that happened; the city could be in control of the matter.

Mr. Coleman reviewed the base rental costs and he noted that 485 Howard Avenue is a relatively new building; therefore, it's a better site choice.

Council member Brantley asked who made the decision to purchase the property, is it the administration or the city. Mr. Coleman said it would be a capital expenditure and the request would be made through the Finance Department level. He thought it would be a good deal based on the amount of taxes that are owed.

Council member Brantley asked if this type of agreement was ever considered for other businesses. She asked this in response to Council member Holloway's comments about homeowners and businesses that have had properties foreclosed on. Attorney Pacacha said the lease agreement could go beyond three years if the parties agree.

Co-chair Silva asked if they enter into the lease and the bank forecloses, will the city be in a position to buy in six months. He also questioned if the city will lose out on the property if it's foreclosed on. Attorney Pacacha said they had an acknowledgement from the bank with an understanding that the owner is entering into a lease option to buy and they are in agreement. Mr. Coleman added that the lease is written so that the city's rights survive.

Council member Brantley questioned if there was any chance that the potential owner of the property, will eventually turn around and try to flip the property. Mr. Coleman explained that if that happened, then an arbiter would be brought in.

Council member dePara stated that there were many moving parts to the proposed lease from an economic perspective. He asked to hear from the representatives that were present from the police department for details about why the property is a prime location.

Attorney Pacacha stated that some of that information is highly confidential and it was suggested that an executive session might be required to discuss the details. Council member dePara asked that the reason for the executive session be stated for the record. Attorney Pacacha explained that it would be for the purpose of discussing confidential aspects for the use of the property only.

**** CO-CHAIR BRANNELLY MOVED TO ENTER INTO EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSING CONFIDENTIAL ASPECTS FOR THE USE OF THE PROPERTY LOCATED AT 485 HOWARD AVENUE**
**** COUNCIL MEMBER VIZZO-PANICCIA SECONDED**
**** MOTION PASSED UNANIMOUSLY**

The committee entered into executive session at 6:55 pm.

**** COUNCIL MEMBER HOLLOWAY MOVED TO COME OUT OF EXECUTIVE SESSION**
**** COUNCIL MEMBER VIZZO-PANICCIA SECONDED**
**** MOTION PASSED UNANIMOUSLY**

The committee came out of executive session at 7:15 pm.

Police Chief Gaudet stated that with regard to the associated costs, the police department has enough funds to cover the lease with option to buy and everyone agreed that they should exercise that option to their benefit. He said the funds will pay back the bond; so in essence, they will be paying themselves back. Overall, he felt it was the right decision.

Council member Holloway said as a representative of a district, with all the taxes issues and foreclosures going on; in his right conscious he couldn't give thumbs up. He said if the previous owner had his taxes paid up he wouldn't have a problem voting for it.

Co-chair Brannelly expressed that when she feels there are ulterior motives, she has a problem with it. She clarified that they aren't bailing anyone out and last year when the item was on the table, there was an invitation extended to council members to go on a tour to see the current TNT building, to get a look at where the people worked. She said when they visited the site; they found it to be a disgusting place to work. She reiterated that they aren't bailing anyone out of paying the tax dollars that are owed. She emphasized the awful condition of the building. She went on to say that the normal RFP process wasn't production in this case and the other buildings that they considered were found to be completely inappropriate. However, 485 Howard Avenue was basically in move-in condition. And the impression that they will make a grand investment in the

building isn't required, because it already in move-in condition. Furthermore, she said if due diligence has been done and the cost is appropriate, then this is the most viable building for the use. She highlighted all the negatives about the other buildings that were considered that just aren't appropriate. She stressed that from the perspective of giving the police department a decent place for their use; 485 Howard Avenue is the best property and she would like to see the police department go to the best property. She stated that she was in full support, because her cause is getting the Bridgeport Police Department a safe, decent location to house and serve their needs.

Council member Brantley stated that she understood what Council member Holloway said in terms of the ordinance and she thought the matter should be looked at closer. She noted that if they are lawmakers and they turn around and do something opposite than what the ordinance outlines, then there's a problem. She thought everyone was entitled to their opinion. She said she understood that the police department needed to move to a decent and better space for their purposes. She said if the item was voted on tonight, she would like a commitment from the buyer that they would be at the same place within the next ten years. Overall, she said she liked the idea that the police chief feels it's a better space, but she would like to hear from someone in the Finance Department.

Council member dePara stated that in the interest of full disclosure, he is always a supporter of the police department, because they do a tough job to keep the citizens of the city safe. However, he said he's had similar experiences with multiple visits to the current site and shadowing police officers, so he has seen the current location as a deplorable location that is completely dysfunctional and certainly not enough space to consolidate another unit. As far as the justification and thought process behind the lease agreements, he said he realized that issues and concerns were raised. He asked for a poll from the committee as to how they would like to proceed at this time. He expressed that since there were so many polarizing issues, he suggested that another meeting be held rather than voting the item down. He noted that another meeting could be scheduled to obtain more fact finding for the committee's information.

Council member Vizzo-Paniccia stated that she is always in support of the police department and fire department. She mentioned that she was tired of the idea of rental properties. She relayed that any questions regarding finances pertained to the bank as far as she could tell. She asked if the building had adequate bathroom facilities. Police Chief Gaudet said the building is habitable as it stands. They intend to bring over the existing holding cell and there's a bathroom for prisoners and one for employees. The property is not in the flood zone and the ingress and egress have been properly constructed. There is also HVAC throughout the building and a security system.

Council member Vizzo-Paniccia asked if the holding cell will require any upgrading. Police Chief Gaudet said the intent was to use the existing holding cell.

Council member Vizzo-Paniccia asked if any adjustments would be required for the monies that are owed the city. Mr. Coleman replied no, they won't go into collection, because the payments currently go directly to the bank - *he pointed out that the lessee obligation is outlined in the agreement.*

Co-chair Brannelly asked for clarification of whether all the back taxes would be paid in full prior to the agreement going into effect. Council member Holloway said he felt strongly that the taxes should be paid right now.

Co-chair Silva stated that they had some difficulty with the question of bailing out someone and he clarified that they aren't doing that. He said the taxes should be paid upon entering into the lease agreement. He further clarified that no action would be taken on a building permit and that only comes in after they agree to a three-year lease. He said he had a concern about the safety aspect of the building, noting that he has seen the building and he thought that 485 Howard Avenue was the best building out of all the choices. He said he understood some of the concerns about the financial portion of the agreement, however; he clarified that the city is only entering into a lease agreement. He said the committee had an option to vote on the item tonight with the inclusion to meet prior to the next city council meeting to review the financial information.

**** COUNCIL MEMBER BRANTLEY MOVED TO TABLE THE ITEM FOR THE PURPOSE OF HAVING TOM SHERWOOD ADDRESS THE COMMITTEE TO DISCUSS THE FINANCIAL ASPECTS OF THE AGREEMENT**

***There was no second to the motion**

**** COUNCIL MEMBER BRANNELLY MOVED TO APPROVE
** COUNCIL MEMBER dePARA SECONDED
** MOTION PASSED WITH THREE VOTES IN FAVOR; ONE VOTE IN OPPOSITON (COUNCIL MEMBER HOLLOWAY) and ONE ABSTENTION (COUNCIL MEMBER BRANTLEY)**

***Not on consent calendar**

ADJOURNED

**** COUNCIL MEMBER BRANTLEY MOVED TO ADJOURN
** COUNCIL MEMBER BRANNELLY SECONDED
** MOTION PASSED UNANIMOUSLY**

The meeting adjourned at 7:45 pm.

Respectfully submitted,

Diane Graham
Telesco Secretarial Services