

**EAST HAVEN TOWN COUNCIL
PUBLIC HEARING MINUTES
WEDNESDAY, NOVEMBER 12, 2014**

In accordance with Chapter III, Section 6 of the East Haven Town Charter, the East Haven Town Council Hearing Committee held a public hearing meeting Wednesday, November 12, 2014, at 7:00PM at the East Haven Senior Center, 91 Taylor Avenue, East Haven, CT 06512.

Chairman Richard Anania calls the meeting to order at 7:00PM.

Item #1

Roll Call for Hearing Committee - 12 present – 3 absent (Thompson Jr, Badamo and Butler III). Councilman Mckay arrived at 7:17PM.
A quorum is present.

Item #2

To conduct Public Hearing #1 regarding “An Ordinance Authorizing the East Haven Public Schools to extend an existing Lease Agreement with GE Capital to fund technology projects for FY 2014-2015 and waiving any bidding requirements associated therewith.”

Public comment:

- Donna Richo-67 Charnes Drive, East Haven, CT- Ms. Richo asks why we are waiving the bid requirement.
- Town Attorney Joseph Zullo says this is not conditionally a contract we bid out. He has interpreted the fact that it is expenditure in excess of the bid cap as a need to waive the bidding requirements. We wouldn't bid something like this out; it is actually a long term lease that we have been a part of for a number of years.
- Ms. Richo asks what we are leasing.
- Attorney Zullo says computer equipment; he would let Mr. Osborne answer the specifics of that. As far as the bidding requirement goes, it is more of a technicality than a necessity. He only interpreted it as needing a bid waiver because the total cost exceeds the \$6,900.
- She asks what this amount is for to which Attorney Zullo says \$262,000.
- Ms. Richo asks if we don't think we could get a better price if we put it out to bid.
- Attorney Zullo says that we have been a part of this lease for a number of years and we are just adding another year onto the end of it. As far as the bid waiver

goes, it is a technical bid waiver versus an actual bid waiver as he interpreted that it is in excess of \$6,900.

- Chairman Anania says we have done this every year for quite some time now.
- Randel Osborne begins by explaining in the spring of 2000, we entered into an agreement with GE Capital for a three year computer lease. The leasing company provided \$750,000 worth of computer hardware which was installed throughout the schools and district and the Town made (3) annual payments, paid through the operating budget. The (3) year lease is structured so that at the end of the first year the Town owns 1/3 of the equipment and by the end of the (3) years all of the equipment will be owned by East Haven. In the spring of 2001 they saw a need to replace file servers and network hardware. They approached GE Capital who suggested a 1 year extension of a lease which would allow the purchase of additional equipment in 2001 and making an additional payment in 2003. An agreement was drafted and presented and approved by the Council in the summer of 2001.
- Ms. Richo asks how many file servers we have in total.
- Mr. Osborne says 43 throughout all of East Haven Public Schools. He says the majority of them are in the High School.
- Ms. Richo asks what the initial cost was in 2001.
- Mr. Osborne says \$262,000 to extend the lease for one year. He continues on that they have used this strategy to extend the one year lease for desktop computers, printers, servers and infrastructure of hardware with a 6 year replacement cycle. This plan for extension has always been approved by the Council for the past several years.
- Ms. Richo asks the current cost of the lease.
- Mr. Osborne says the lease being discussed tonight has a rate of 3.29% on \$243,669.66.
- Ms. Richo asks what we have for this.
- Mr. Osborne explains that we have purchasing power for anticipated purchases including infrastructure additions to wireless networks.
- Ms. Richo asks if we are buying more file servers.
- Mr. Osborne explains that infrastructure is equipment used to exchange data throughout the buildings, much of what they do requires wireless and we are purchasing upgrades to that.
- Ms. Richo says she is still not being told what we have.
- Ms. Osborne states that we have 140 wireless access points distributed in the schools. They would like to increase that number; they anticipate a purchase of another 80 devices to do that.
- Ms. Richo says so we will have 230 hot spots at \$10,000 each?

- Mr. Osborne says he brought a categorical budget with him, he does have an itemized budget but it is not with him.
- Ms. Richo says it started out at \$750,000 for three years, and then another \$262,000 in 2001 and she doesn't know what we have. She says that continuing to lease isn't always the best option. We should be looking for the best option; GE isn't even the leader anymore.
- Chairman Anania says that he believes the Town does get a good deal through GE.
- Ms. Richo says you can't know that unless you know what you are paying for and what the other options are. To take away bidding on anything is foolish and we lose the ability to get the best for the least. This technology, she doesn't know what it is. Before the Council does anything, she thinks we need more information.
- Mr. Osborne explains that there are three categories for technology. GE Capital is the vendor we use for leasing, they don't actually provide anything. When we do infrastructure projects for instance moving forward to wireless there will be a number of vendors. Infrastructure is one focus and chromebooks for grade 9 is another focus. We have in the neighborhood of 320 devices purchased.
- Ms. Richo says a lease to her is a lease of specific equipment and we are talking about what we might buy, do you know what you are buying/leasing.
- Mr. Osborne says he has a rough budget.
- Ms. Richo says that we do not need to give up the bidding and we should not approve this until we have had other options.

Council comments:

- Councilman Joseph Santino asks Mr. Osborne if he remembers coming before the Council in July 2013 and making a statement about iPads/tablets for the Council.
- Mr. Osborne says there was discussion of it.
- Mr. Santino said he has the minutes from the meeting that night and he made a statement to the Council that if they approved the lease, that the Council would be included in the tablets or iPads. They provided the votes for him and he did not provide for the Council, he asks what happened.
- Mr. Osborne says the tablets are a part of it and as reflected in the minutes, they can extend the pricing to a municipality, but the lease is for educational purposes. The second part of it has to do with adopting google as a mechanism for moving information. The East Haven Public Schools made a huge step in that. It does not appear to be the case with the Town at this time; it would require a substantial investment as far as how they move information. He looked at that and looked at what it would take.

- Councilman Santino asks if the Board of Education has this for their meetings to which Mr. Osborne says they do. Councilman Santino asks if they get all of their information through these tablets and not paper to which Mr. Osborne says they do. He says he doesn't think he is a man of his word for making that statement that night and not coming through on it.
- Councilman Anthony Mansi seeks clarification if the \$262,000 was part of last year's budget. Was it something they were planning to spend?
- Chairman Anania says to his knowledge they spend this every year, it comes out of the Board of Education budget.
- Finance Director Paul Rizza says yes it is in the Board of Education budget.
- Councilman Nicholas Palladino asks Mr. Osborne why it would be a problem to get the Town Council to go paperless like the Board of Education.
- Mr. Osborne states that it would be a change in culture. The public school side has adopted google apps mechanism for emails and for exchanging information. They own the domain easthaven.k12.ct.which is geared toward a google apps operation for education. The Town website and the Town domain, he doesn't know who is in charge of it or how it would be moved to that.
- Councilman Palladino says so it would be that difficult for us to get our agendas paperless through Town Hall with the tablets because we are not on Google?
- Mr. Osborne says yes, that is the model they have on the Board of Education side.
- Councilman Santino says they get the emails at their houses from the Town Hall, tablets aren't adaptable to anything else except your program?
- Mr. Osborne says this is the one they use and it is deeply vested in google and google document sharing.
- Councilman Palladino says he gets emails from the Town on his cell phone and on his personal home computer so couldn't they use that same domain with tablets to do the same thing that the cell phone can do. He adds that what it sounds like to him, and maybe he is not 100% correct, that Mr. Osborne doesn't want to be involved in purchasing something the Council will be using but he is comfortable purchasing something that the school is using and the members of the Board of Education. He says you are not comfortable purchasing something in your budget that assists the Council.
- Mr. Osborne says that it most of it and the other problem is the practical matter that setting up the model that they have at the Board of Education for the Town Hall would involve a lot of doing and a lot of interface with an IT person in Town.
- Vice Chairman Robert Parente says he gets an agenda from the Board of Education on a monthly basis from Janis on his phone, home computer and wherever he is. If he had a tablet here, couldn't he get the agenda like everything else?

- Mr. Osborne says the information they receive includes agendas, minutes, purchase orders for approval, invoices; the entire packet is a meeting based document that is shared with everyone who participates. Town Hall does not have access to this shared document.
- Mr. Parente says so Town Hall can't send Janice an email? Mr. Osborne says you can certainly send email. Mr. Parente says so if someone sends an email for the Town Council to Janis, she can distribute it? Mr. Osborne says it could be done. Mr. Parente says he understands they have the k12 domain and logistically it may take a little bit of work to circumvent the channel. But if we had tablets in front of us right now, we could get the agenda sent to us.
- Mr. Osborne says if the goal is to receive email on the device; it would certainly be much simpler than what they have at the Board of Education.
- Mr. Parente says that is what they are looking to do, to alleviate some of the paper they are getting. They are looking to get paper from point a to point b and now to his understanding if it could and should be networked, can't a simplistic tablet do that. He asks if he is over simplifying the process.
- Mr. Osborne says with respect, yes.
- Mr. Parente says they are not looking for anything for them to be able to work on, he isn't trying to create something or expand upon it or send it. He is basically looking for it for viewing purposes to eliminate stacks of paper. It's not a necessity factor for any kind of program, just a correspondence factor. If we can get an agenda emailed from the Town Hall to the Board of Education they should be able to do it here also.
- Chairman Anania says in the July meeting last year Mr. Osborne had stated that google apps for a municipality is a free thing, we can work with someone and get them set up and get the flow of information which is the biggest step. In terms of tablets we can make that happen as well. A year later, we are still without them.
- Councilman Michael Riolino said his first question was if the Senior Center even has wireless and it does look like they have it. He asks if we have a scanner at the Town Hall to do this stuff.
- Councilman Santino says yes, we get the agendas and documents at home from Town Hall. He said it would be easier for them for when a change is made because it is brought to the Council that night. Nobody has a chance to read it or review it before that night.
- Councilwoman Beverly Gravino asks if the grant can be used for non-educational purposes or just educational purposes. Mr. Osborne says only for educational purposes. She says so we can't get what we need for the Council through this grant, we would have to do it on our own. This is something the Town would be expected to purchase. She remembers Randel saying that after further

investigation, he found out it could not be used for anything other than educational purposes.

- Vice Chairman Parente says GE Capital does not make any computers and they are not a vendor correct? Mr. Osborne says that is correct. Mr. Parente says we don't shop GE Capital to get the best price on computers or software. In response to questions earlier, they don't make anything or do anything except provide financing to put them in the position to do the best pricing and get the best bang for the buck. We are able to do the best pricing, research, bidding and evaluating. We come up with a figure and then go to GE Capital and say this is what we need, they have nothing to do with anything except the financing. GE is not something we should bid out, you have already done all evaluations to get to the dollar amount and then you just give that package to GE. Mr. Osborne says that is correct.
- Councilman Santino says he thinks they go off the State bid list anyway.
- Councilwoman Gravino asks if this lease rate is a good, fair percentage.
- Finance Director Paul Rizza says it is competitive.
- Ms. Gravino asks Mr. Rizza if he would have any issue with them using GE to buy what they need.
- Mr. Rizza says it is not a new lease; it is an extension of an existing lease. The rates do mirror competitive rates for this type of a lease.
- Ms. Gravino says when they buy their software and all of that, she assumes they go for the best deal possible. She doesn't understand the questioning because we are getting the loan to buy what we need, you do the bidding and she says she can vouch that they are not spending money foolishly. It sounds like a win/win.
- Mr. Parente says how many hot spots is a moot point of it in his opinion. All we are dealing with is if we are going to be happy with the money end of it, it has nothing to do with how many hot spots or computers.
- Councilman Fred Parlato says due to the historically declining enrollment, since we have had this program for quite a while, are we over buying or do we have more than we need for the declining enrollment we have now? Or do we adjust it based on what we need for the enrollment?
- Mr. Osborne says the enrollment is certainly declining but he would also comment that the \$262,000 number is one they have been using now for 14 years. It has allowed them to buy fairly and consistently. Last year when he went before the Council, what they were interested in purchasing was going to help fund a program that was chromebooks for Education. In this scenario the state picked up 2/3 of the chromebooks and we picked up 1/3. So we have used a lot of vehicles to take the lease money and try and do the most we can with it. He talked about infrastructure, this year he anticipates that the universal service fund

will discount us 80% on infrastructure discounts and expenditures. That is the first time that has happened in many years. They try to capitalize on that money and make it go as far as it can.

- Councilman Parlato says secondly with the planning of the Board of Education to consolidate or maybe close some schools, will that contract reflect the reduction, or can it be adjusted? Or will we just use those funds to add to what we have?
- Mr. Osborne said it can certainly be adjusted although we will adjust where the children go to school; the total number of children isn't going to change dramatically. Any infrastructure planning we do or any purchases we make, we anticipate changes to the facilities.
- Mr. Parlato says this equipment is replaced periodically, so does this contract also give us the ability to replace the equipment as the years go by.
- Mr. Osborne says it is a three-year buy out meaning that at the end of the three-year term, we own it. Typically we have desktop computers in service for approximately six years. So the lease rate and the turn around rate are not the same at all. We try to keep things in service as long as we can and as long as it makes sense.
- Chairman Anania asks if a server went down under this agreement, is there any cost to the Town or Board of Education or does it get replaced through the agreement because it is leased?
- Mr. Osborne says it is not unlike buying a piece of equipment out right. Most of the servers we purchase, we purchase with a three year warranty, if anything happens within those three years there is no cost. Outside of that we evaluate and either repair, re-part or replace.
- Councilman Santino asks if there is any cost to the parents of the students for these?
- Mr. Osborne says directly, no. Although this year they are allowing the ability for parents of students to borrow the machine for the duration of the school year. If they do so, they have to assume fiscal responsibility of the device. They have asked everyone who participates to consider insurance. There is an indirect cost if people wish to borrow a chromebook device for the school year and wish to purchase insurance.
- Councilman Santino says so if a student ops to take it home, they have to take out insurance? What is the cost?
- Mr. Osborne says the annual no deductible premium is \$42 and change per student.
- Councilman Santino asks where that goes, does the Board of Education buy a policy? Where are they buying it?

- Mr. Osborne says the parent buys the policy. In the instance of the chromebook they are buying it from the Worth Avenue Group. The relationship is directly between them and the parent.
- Councilman Palladino asks if there is a tracker on these, if a student takes it and moves or do we have coverage on it?
- Mr. Osborne says at the moment roughly 1/3 of the devices have paperwork signed to go home. They have software on the chromebooks that tells them nearly everything they need to know in terms of their whereabouts and how they are being used. They can locate them.
- Councilman Robert Sand says back in 2000 when the original agreement began, there was some equipment missing in the first year and things were recovered and there was question about monitoring that and monitoring those with document numbers and a bar code. In all the equipment change that has occurred, is it still being monitored? Who does that? Does GE require that because they are financing it? Who is maintaining the list of the equipment?
- Mr. Osborne says his department maintains a database of inventory.
- Councilman Sand asks when the last time it was audited and by who.
- Mr. Osborne says his Department audits it every day as a mechanism for cross-referencing serial numbers with device numbers of students and parents. Every chromebook and portable device purchase they made last year has been tagged with the property of East Haven public Schools and is a part of that database. They maintain a database of serial numbers for all devices; they don't tag devices that are servers.
- Councilman Sand says so when the information gets updated as far as equipment being removed or returned from the list, the new equipment is given new numbers. That's where he was asking about the auditing process.
- Mr. Osborne says in terms of a formal audit no, that does not happen. He suspects it will happen when they ask for the devices back in the spring.
- Mr. Rizza says that as part of the annual audit, since it is a large expenditure for whatever we are buying whether it is systems or hardware or software, they are very cognoscente that this is going on. Through their sampling, they do pick up certain expenditures to verify with Randel's group that they are included into their inventory. They do have the actual invoices and will track the invoice from the beginning to end, from purchase order issuance to the final payment. They do fall into the audit sample, at least over the last three years he has been back, the audit firm has reviewed invoices, which were paid from the \$262,000 expenditure.
- Councilman Sand said the comment made about the declining enrollment, over the past ten years we are down students so are we saturated with equipment at this point? Fourteen years ago we had quite a few students and we are down

now. Following up on Councilman Parlato's statement, is there a need for all of the equipment we have? Are we ready to start reducing this number in the next lease agreement? If you lost 1,000 students and we were leasing it based on a greater number, we are now at 25% less. Where do we stand with that outlook for the future for next year's budget?

- Mr. Osborne says they have not discussed that yet.
- Councilman Mansi asks if we are leasing or owning these? After three years do they go back?
- Mr. Rizza says we are leasing to purchase, after three years we own them.
- Councilman Mansi says what happens when they become obsolete?
- Mr. Osborne says it is quite a process; they work with a number of recyclers to help us with that. We make sure we get them off our books and we ensure that data is destroyed on hard drives.
- Councilman Mansi asks if they are downsizing these to other educational facilities.
- Mr. Osborne says typically they are slated for destruction or salvage. When a machine comes out of service, and it is no longer viable to keep it in service, it stays as a support machine for parts for as long as possible.
- Councilman Mansi asks if there are any one-year-old tablets that can be parted out to the Town Council to which Mr. Osborne says no.
- Councilwoman Gravino says that in the next budget maybe they should consider putting these in for the Council.

Item #3

Adjournment of Public Hearing #1.

Councilman Santino makes a motion.

Councilman Vincent Spaduzzi seconds the motion.

Voice vote: all in favor-none oppose-none abstain. Motion carries.

Item #4

Hearing Committee report to the full Town Council and recommendation of action on Public Hearing #1.

Vice Chairman Parente makes a motion.

Councilman Santino seconds the motion.

Voice vote: all in favor-none oppose-none abstain. Motion carries.

Item #5

Adjournment of Hearing Committee.

Councilman Santino makes a motion.

Councilman Palladino seconds the motion.

Voice vote: all in favor-none oppose-none abstain. Motion carries.

Meeting is adjourned at 7:41PM.

Respectfully Submitted,

Danelle Feeley, Clerk, East Haven Legislative Town Council