

**EAST HAVEN TOWN COUNCIL
PUBLIC HEARING MINUTES
TUESDAY, NOVEMBER 13, 2012**

In accordance with Chapter III, Section 6 of the East Haven Town Charter, the East Haven Town Council held a public hearing meeting Tuesday, November 13, 2012, at 7:00PM at the East Haven Senior Center, 91 Taylor Avenue, East Haven, CT 06512.

Chairman Richard Anania calls the public hearing to order at 7:00PM.
Chairman Anania asks all to stand for the pledge of allegiance.

Item #1

Roll Call: 11 present - 4 absent (Parlato, Riolino, Carbo and Mansi)

Item #2

Public Hearing #1 regarding a Resolution designating the Town of East Haven as a rehabilitation area and establishing criteria for the eligibility of real property for assessment increase deferrals.

- Arthur DeSorbo, Director of Administration and Management addresses the Council. Mr. DeSorbo states that what is being presented tonight is a reenactment of a program the Town had in the past with a sunset provision which allowed it to expire. He explains that it is an important tool for the Economic Development Department, encouraging businesses to move to East Haven. Mr. DeSorbo states that the Town cannot do any incentives for personal property, only manufacturing equipment. This program will allow the Town to be more flexible with larger projects, specifically those that exceed \$3,000,000.
- Town Assessor Michael Milici provides history of where this originated. Mr. Milici states that in the early 90's Mayor Luzzi began an economic development task force which consisted of Town officials, elected officials and members of the business community with the purpose of coming up with ideas to enhance the Town and make it look more attractive for businesses. There were two tax incentive programs being looked at, one was for new construction and the other was for existing construction. Mr. Milici states that the ordinance that came to be for new construction which is currently on the books is for new properties in which CarMax taxes are based on. The rehabilitation program being discussed this evening is for existing businesses and it has a sunset clause, it was reenacted twice in the past then dropped and not brought to the surface again.

Mr. Milici says that it is an important tool for people looking to rehab buildings which will ultimately bring more taxes which will hopefully bring more jobs and hopefully produce a positive business image for the Town.

- Mr. DeSorbo adds that the intention of this is to ensure that taxes are never to go below what they are currently paying, the Town never actually lost money on this. It allows the Town to slow the increase in assessment over a period of time for buildings that rehabilitate. For new construction there is a separate program currently on the books.
- Mr. Milici adds that those who received this in the past are still in business, nobody moved out. Some names of those whom have received benefits are McDermott, Sandpiper and Town Fair Tire, all of which have stayed in Town.

No Public Comment.

Item #3

Adjournment of Public Hearing #1

Councilman Joseph Santino makes a motion.

Councilman Robert Parente seconds the motion.

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

Item #4

To conduct Public Hearing #2 to discuss action on a referral from the Board of Finance requesting the following transfer:

East Haven Housing Authority – 2012-2013 FY

To:	01-120-0694	Other contractual services	\$114,690.00
	Total		<u>\$114,690.00</u>
From:	01-885-0689	Contingency	\$114,690.00
	Total:		<u>\$114,690.00</u>

Reason: Transfer needed to pay Housing Authority from funds owed to Authority for various reasons.

- Mr. DeSorbo provides the Council with background for this transfer stating that in April of 2008 the Director of the East Haven Housing Authority was arrested for embezzling just under \$200,000 from the authority within the period of May 2007 until early 2008. In March 2009 she pleaded guilty and was sentenced to one year in prison. Following her conviction, the attorney for the Housing Authority filed for restitution from the insurance company and collected the maximum amount under the policy of \$100,000 and presented it to the Director of Administration and Management, Paul Hongo, who was the liaison to the Housing Authority. Mr. DeSorbo states that Director Hongo improperly deposited those funds into the Town's General Fund, not returning the money back to the Housing Authority. He adds that the money embezzled was federal funds for section 8 rental assistance. Upon being appointed Executive Director of the Housing Authority, Mr. DeSorbo states that he reviewed the financial position of the authority and realized that the Authority was unsalvageable due to the embezzlement and other inappropriate personnel expenses done without the full knowledge of Housing Authority members. Also, for the year 2011 no audit was performed, with the authorization of the Housing Authority members, that audit was completed and found the Town owed the Authority an additional \$48,845 and auditors were unable to determine a reason for that outstanding debt because records were no longer available. At Mr. DeSorbo's request, the auditors were able to get H.U.D. to allow the Authority to write off all but \$114,690.00 which is the amount of the transfer.

Public Comment:

- Gene Ruocco- 74 Bennett Road, East Haven, CT- Mr. Ruocco states that he read something in the paper from Paul Hongo that the \$100,000 that came from the Insurance Company was from a policy that was being paid out of the general fund, not the Housing Authority. He adds that according to what he read in the paper, the Attorney at that time advised Mr. Hongo to put the money in the general fund because it was a general fund paid policy, not that he wrongly put the money in the fund.
- Mr. DeSorbo states that what was in the paper was erroneous and he spoke with the Attorney, who is also here tonight to tell the Council he did not recommend that the money be put in the General Fund but that the money should have gone to where it was taken from which is the Housing Authority.
- Mr. Ruocco states he would like to hear this from the Attorney. He questions that currently the Housing Authority isn't paying any salaries, so isn't \$100,000 going into the account on top of the budgeted amount excessive money that would do the Town better staying in the General Fund.
- Mr. DeSorbo states that there are a number of bills that need to be paid, the audit that was not done in 2011 and then done in 2012 needs to be paid, there is large

outstanding debt for the State of Connecticut for unemployment compensation for the former developer of community development that was paid out of the Housing Authority. Mr. DeSorbo states that the Housing Authority will no longer pay any salaries for personnel. There were numerous bills that were incurred such as an upgrade of computers. Mr. DeSorbo explains that the way it works is we get a check every month from the Federal Government which we transfer to Imagineers who sends the checks out for section 8 rental. Of that money, a very small portion is for administrative costs. Due to the embezzlement and questionable personnel expenses the Housing Authority has no surplus so they can't pay for the audit, upgrade to computers, training, etc. there is no money left at all.

- Mr. Ruocco asks if there is a budget for the Housing Authority to which Mr. DeSorbo states it is a very small amount and is used for clerking, the audit is paid for from non-budgeted Housing Authority funds, adding that the Housing Authority is a separate entity from the Town and has to be treated as such. Mr. Ruocco asks if there is any ledger of bills being paid from the Housing Authority that could be given to the Council to which Mr. DeSorbo states that all bills are approved at the monthly meeting and documented in the minutes. Mr. DeSorbo states that this money will take care of outstanding bills and get the Authority on positive fiscal ground for years ahead. Mr. DeSorbo explains that the money the Authority gets is between \$6,000 and \$8,000 and would be used up in a short period of time. He states that the Finance Department will provide a quarterly financial report which he will be happy to provide to the Council.
- Attorney Al Zullo states that he was never asked the question of whether or not the money belongs to the Town. Mr. Zullo says that if he had been asked if the money should be put in the general fund, he would have said no, it belongs to the Housing Authority.

Item #5

Adjournment of Public Hearing #2

Councilman Santino makes a motion.

Councilman Purificato seconds the motion.

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

Item #6

Roll Call for Hearing Committee: 13 present – 2 absent (Riolino and Carbo)

Item #7

Hearing Committee report to the full Town Council to recommend action on Public Hearings 1 and 2.

Councilman William Richardson makes a motion.

Councilman Robert Cubellotti seconds the motion.

Roll call: all in favor- none oppose- none abstain. Motion carries.

Item #8

Adjournment of Hearing Committee.

Councilman Santino makes a motion.

Councilman Purificato seconds the motion.

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

Meeting is adjourned at 7:19PM.

Respectfully Submitted,

Danelle Feeley, Clerk, East Haven Legislative Town Council