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CITY OF DANBURY

155 DEER HILL AVENUE

DANBURY, CONNECTICUT 06810

COMMON COUNCIL

REPORT

January 4, 2005

Mayor Mark D. Boughton
Members of the Common Council

Re: **Acquisition and Renovation of Immanuel Lutheran School**

The Common Council Committee appointed to review the acquisition and renovation of Immanuel Lutheran School met on December 28, 2004 at 7:30 P.M. in the Third Floor Caucus Room in City Hall. In attendance were committee members Trombetta, Saracino and Saadi. Also in attendance were Director of Finance & Personnel Dena Diorio, Corporation Counsel Robert Yamin, Director of Public Works William Buckley and Council Members Nolan and Urice, ex-officio.

Mr. Buckley stated that we have not yet acquired the building and hired Perkins Eastman to assist in the development of this project. They went through the school and had meetings with Head Start to see how we could take the current Head Start program and bring them all together at Immanuel Lutheran School. Mr. Buckley showed a plan of the Head Start proposal prepared on September 9, 2004 and a proposal prepared on June 3, 2004 with options A1 and B1 showing classroom layouts and multi-purpose room layouts.

Ms. Diorio said that when the bond package was put together, \$2,500,000 was added for this acquisition. It will cost \$2,250,000 to purchase the building. This does not leave enough money to complete the renovations. They met with the Head Start people in Boston to seek additional funding and they are also looking for State grants. Several million dollars need to be identified to make this project work. The financing is not established, but Federal grants may be forthcoming. Mr. Buckley stated that the total expense is \$7,500,000.

Ms. Saracino asked, since this is an existing school, can it be used while waiting for financing? Ms. Diorio said that was the intention, but once the architects showed the requirements for Head Start, the scope of the project changed. Mr. Buckley stated that problems occur when grant money is applied for and you must comply with the requirements. Mr. Buckley said the signing of this contract is meant to help the City secure these funds. It shows that we have a code requirement to do what is shown on the plans.

Mr. Saadi stated that there are new questions; he thought this was a turnkey operation. He said he could not, in good conscience, vote on this contract as he just received it this evening and has not had a chance to review it. The closing date is scheduled for June 1, 2005. He asked Attorney Yamin if the committee were to put off the vote until January, would the City's obligation to purchase be undermined? Attorney Yamin said it would not, but the church is under pressure to get the initial deposit of \$225,000. The closing will not take place for six months.

Attorney Yamin said he received the final responses from their attorney today. The main part of the contract is a standard Fairfield County sales contract. He made 15 or 20 technical changes to the main body to make it more favorable to the City. He added the rider, which is favorable to the City. Attorney Smith made two deletions on the last page of the rider. The City objected and added them back in. The occupancy agreement is the City's language. The only legal issue is releasing the deposit before the closing. Normally he would not advise doing this, but it was a make or break issue with the church.

Mr. Saadi stated that he is not saying Attorney Yamin delayed the contract. He is saying that he just received it for review and the fact that there are deletions and edits that have been done, he would like a chance to read through the contract to see if he has questions. One concern is that the deposit would not be in escrow and would be released.

Mr. Trombetta asked if it would be easy to get the additional money needed? Ms. Diorio said the Federal portion would be, but beyond that there is no guarantee. Mr. Trombetta asked Mr. Buckley if he feels it is important to acquire this building? Mr. Buckley said he does feel it is important because even if the funding fell through, it is a good piece of property.

Mr. Saadi made a motion to continue this meeting at the call of the Chair prior to the February 2005 Common Council Meeting. Motion failed for lack of a second.

Mr. Urice stated that this project is three times larger than we thought it would be and we do not know if the additional five million dollars can be acquired. He asked Attorney Yamin if we acquire this property under the guise of the bond issue and the funding does not come through, do we have the legal right to use this property for something else? Attorney Yamin said we had a good faith intention when we floated the bond issue to utilize this property for this purpose. This would be a question for our bond counsel. Mr. Urice said he would want to see a final contract since this one is scratched up. Without knowing about the funding, we may end up with a piece of property for an unintended use or have to ask the taxpayers for an additional \$5,000,000.

Mr. Trombetta said he does not know if we can ask for Federal assistance if we do not have access to the property. Ms. Diorio said the Federal government is not going to commit money if we do not have site control. The church already has a buyer for the church and could have one for the school. We could have another use for the building.

Mr. Saadi said he still has the same concerns. Based on what he has heard tonight about the June closing, he finds it hard to believe that moving the vote to the February meeting would scuttle the deal. He noted that Attorney Yamin wanted to check with bond counsel. Mr. Saadi made a motion to continue this meeting. Motion failed for lack of a second.

Mr. Nolan stated that he finds the revelation of the additional cost and the sketchy plan for how we are going to acquire the funding, disquieting. Mr. Nolan said that if this comes out of committee, it would behoove representatives of this administration to be a little more direct in posing how this money is going to be acquired. This is not going on the Consent Calendar and will not be easily resolved on January 4th.

Ms. Saracino asked that the charge of the committee be read. Mr. Trombetta stated that the charge of the committee is to review the acquisition and renovations of the Immanuel Lutheran School. Ms. Saracino asked how the committee could recommend approval of the renovations if we do not have the money to do the renovations?

Ms. Saracino made a motion to recommend approval of the acquisition of the school and approval of the contract as presented. Seconded by Mr. Trombetta. Mr. Saadi reiterated his concerns and will raise them on the floor. Motion carried with Mr. Trombetta and Ms. Saracino voting in the affirmative and Mr. Saadi voting in the negative.

Respectfully submitted,

CHARLES TROMBETTA, Chairman

MARY SARACINO

THOMAS SAADI