

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Tuesday, April 28, 2020 10:00 AM – 12:00 AM

Meeting Location: This was a telephonic meeting. Meeting materials may be accessed at the following website:
<https://portal.ct.gov/OPM/Marb/West-Haven-Committee-Meetings-and-Materials>

Call-In Instructions:

Telephone Number: (860) 840-2075

Meeting ID: 519 394 984

Members in Attendance: Secretary McCaw, Christine Shaw (Treasurer's designee), Stephen Falcigno, Robert White

City Officials in Attendance: Mayor Rossi, Frank Cieplinski, Lee Tiernan

OPM Staff in Attendance: Kimberly Kennison, Mike Walsh, Julian Freund, Bill Plummer, Michael Milone (liaison to West Haven)

I. Call to Order & Opening Remarks

Secretary McCaw called the meeting to order at 10:05 AM. She thanked the City for their work and wished everyone well.

II. Approval of minutes: April 1, 2020

Ms. Shaw moved to approve the minutes with a second from Mr. White. All voted in favor.

III. Review and Discussion and Possible Action: FY 2021-2025 5-Year Plan

Secretary McCaw explained that the subcommittee had reviewed the City's recommended FY 2021 budget at a prior meeting. Members deferred acting on the budget until an updated 5-year plan is prepared. Secretary McCaw opened the discussion by noting the current public health emergency and its impact on the economy, including expectations for negative effects on municipal revenues. The State has an interest in helping municipalities, however budgetary challenges at the State level exist as well.

Mr. Freund explained that the City has provided a draft of the 5-Year Plan which is still a work in progress and has not been submitted to the City Council yet. A summary of the major assumptions in the draft plan and how they have evolved since the first version of the 5-Year Plan, were reviewed and discussed. The Secretary expressed appreciation to the mayor and Finance Director for the opportunity to review the draft 5-Year Plan.

The City uses very conservative assumptions to project the underlying growth in the grand list. Certain specific development projects are layered onto the growth assumptions. Pension and health projections have been

updated to reflect recent valuations and the City's transition to the State health Partnership plan. The planned use of Municipal Restructuring Funds has not been changed from the original plan.

Mr. Cieplinski described the plan with additional detail regarding the anticipated impact of revaluation and certain development projects. Most of the projected revenue increase is generated by mill rate increases. He described a number of other changes that are reflected in the plan, including plans for filling several positions in the Police Department and plans for outsourcing payroll activities.

Secretary McCaw asked about how grand list and revaluation assumptions were derived. Mr. Cieplinski and Mr. Milone explained that trends in sales ratios since the last revaluation were the basis of the projections.

Secretary McCaw noted that the original 5-Year Plan reflected a greater commitment to bring the mill rate to a level that will balance the City's budget. She encouraged the City to develop a plan that is more assertive in weaning itself off of State support. The State's ability to support a slow process, while other municipalities are in similar positions and while the State faces significant budgetary challenges, is a concern.

The Subcommittee discussed the upcoming revaluation and its impact on the out years of the plan. Some concerns were raised regarding projected tax collection rates and the adequacy of contingency funding included in the plan. Uncertainty around the lasting impact of the pandemic may require that these assumptions be revisited.

The subcommittee made a number of recommendations for adjustments to the recommended FY 2021 budget. A review of tax collection rates from before and during the 2008 and 2009 timeframe for an indication of how economic downturns may affect actual collections was suggested. Members also suggested revisiting contingency amounts in the proposed budget and the City's ability to react to the pandemic and its economic impacts. The subcommittee urged a higher mill rate for FY 2021, and acknowledgement that a mill rate increase in the following year will be more difficult. Suggestions were made to revisit the pension ADEC projections in light of the likelihood of diminished investment returns. The subcommittee requested a description of what adjustments to various revenues have been considered by the City. A review of potential attrition savings as well as the potential for rightsizing operations to achieve expenditure savings was requested. A review of using tax lien sales to bolster reserves, not as an operating revenue, was recommended. Further efforts at efficiency savings was also suggested.

IV. Review, Discussion and Possible Action: Proposed FY 2021 Budget

Secretary McCaw explained that the subcommittee is not in a position to take action on the budget at this meeting. City should be preparing a contingency plan for FY 2021. Some of the recommendations raised during the discussion of the 5-Year Plan are directly tied to the FY 2021 budget. A question was raised regarding potential costs related to the pandemic. Secretary McCaw noted that she has asked all municipalities to report their expected COVID related expenses to OPM by the end of the month. Some reimbursement should be available to the municipalities.

Ms. Kennison raised questions regarding the detail that underlies the Board of Education budget and suggested that it be requested to provide that information to the MARB. The Mayor indicated she would communicate that request to the Superintendent.

V. Update: Human Resource Action Plan (handout material)

Mr. Milone presented the framework of an action plan responding to the findings of the HR Consulting Group report prepared in November 2019. The detailed plan will be due by May 15 in accordance with the Memorandum of Agreement with the City. A contract with ADP for the provision of payroll services was approved by the City Council.

VI. Update: Corrective Action Plan (handout material)

Mr. Cieplinski reported that a written corrective action is being prepared and that he will be forwarding a complete plan and an update at a future meeting.

VII. Adjourn

The meeting adjourned at 11:46 AM.