

DRAFT
State of Connecticut
Municipal Accountability Review Board (MARB)
Regular Meeting
470 Capitol Avenue, Room C
Hartford, CT 06106

Meeting Minutes – Thursday, May 3, 2018

The following link is to the MARB website. All meeting handouts can be located on this website, along with future meetings dates, agendas and minutes:

<http://www.ct.gov/opm/cwp/view.asp?a=2998&q=599332>

Members in attendance:

Co-chairs: OPM Secretary Benjamin Barnes and William Cochran (designee of State Treasurer Denise Nappier) Members: Commissioner Scott Jackson, Patrick Egan, Thomas Hamilton, Mark Waxenberg, Peter Gioia, Sal Luciano, Bart Shuldman

Members not in attendance: Mary Glassman

Staff: Robert Dakers, Alison Fisher, Laura Mirante, Michael Sullivan, Deputy Treasurer Larry Wilson, Riju Das

I. Call to Order and Opening Remarks by Secretary Ben Barnes and William Cochran (designee of State Treasurer Denise Nappier)

Meeting was called to order by Secretary Ben Barnes 10:06 am. An introduction of newly appointed Board member, Bart Shuldman, shortly followed. Mr. Shuldman was appointed by Minority Leader Themis Klarides, after the position was reluctantly vacated by Thomas Barnes due to calendar conflicts. Mr. Shuldman will also be participating on the City of Hartford's MARB subcommittee.

II. Public Comment

West Haven City Council Chair, Ronald Quigliani, addressed the MARB. Chairman Quigliani discussed the City's budget deadline of midnight, May 3, 2018, for the Council to approve or reject the Mayor's budget. Without enough votes, the Mayor's budget will go into effect by default.

III. Action Item: Approval of Minutes: April 5, 2018

A motion was made by Scott Jackson and seconded by Patrick Egan to approve the minutes. No discussion or edits were suggested. A vote to approve the April 5, 2018 minutes vote was favorable, with one abstention (Bart Shuldman). The motion carried.

IV. Introduction of Newly Appointed Member by Secretary Barnes and Opening Remarks by New Member, update on Board Membership by Secretary Barnes, and Swearing-in of Newly Appointed Member by Treasurer Nappier:

Action on introduction made by Secretary Barnes prior to Public Comment Period. No opening remarks. No action on swearing in of new member (Treasurer Nappier, who is authorized to administer the Oath of Office by virtue of her elected office, was not present). Action on this portion of the item to be addressed at the next MARB meeting.

V. City of West Haven Issues and Items:

- a. Review and Discussion Monthly Financial Report** – submitted by the City.
- b. Review and Potential Action re Non-Labor Contracts** – None/no action. Another meeting of the MARB will be scheduled, within 44 days, to take action on the Dispatchers' labor contract.
- c. Review and Discussion re Status of Five-Year Recovery Plan** – A 5 year plan has not yet been submitted by the City. No action was taken on this item.
- d. Review, Discussion and Possible Action re Mayor's Proposed Budget for Fiscal Year 2018-19, including Approval of Assumptions regarding Property Tax and State Revenues**

Ad-Hoc West Haven MARB meeting held on April 30th by conference call.

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Mayor Rossi provided a brief update on the status of the City budget. Secretary Barnes asked for clarification around the budget adoption process, specifically in regards to changing the mill rate after a budget is adopted. Mayor Rossi noted that per City Charter, the Mayor does have the authority to change the tax rate, and while there is precedent for sending out supplemental bills after a budget has been adopted, that is not her preferred method. Mayor Rossi also mentioned that she did not know if the Charter required a majority or supermajority vote from the Council in order to approve such changes. Secretary Barnes noted that if the MARB does not approve the City's revenue assumptions, the MARB is effectively rejecting the budget as a whole.

Mr. Shuldman requested clarification regarding the mill rate change. Mayor Rossi explained that it had been 35.11, and was adjusted to 35.79 in the revised Mayor's recommended budget. Mr. Shuldman suggested that this increase was too low, and that the City should complete a sensitivity analysis regarding City property taxes.

Robert Dakers provided an overview of the Resolution of the State Municipal Accountability Review Board Regarding the City of West Haven's Fiscal Year 2017-18 Budget and Proposed Annual Budget for Fiscal Year 2018-19. The resolution was provided to MARB members, and was

accompanied by a memorandum submitted to members on May 2nd, by Alison Fisher from the state Office of Policy and Management.

Secretary Barnes noted that the City's budget is balanced based on Recovery Funds, which is part of what the MARB needs to approve, however, a 5 year plan has not yet been submitted by the City. The resolution essentially allows the MARB to approve the budget on various conditions, and provide the Recovery Funds, once those conditions are met.

Patrick Egan asked a procedural question on whether a rejection of the revenue assumptions would put the City's budget process on hold. Secretary Barnes responded in the affirmative. Discussion continued regarding the City's ability to apply for Tier IV status whenever they'd like.

A letter from Secretary Barnes was issued to both the Cities of West Haven and Hartford on April 19, 2018. The letter expressed the Secretary's concerns and expectations with respect to restructuring funds, achieving a balanced budget, and included a directive to take action to mitigate the communities' respective projected deficits.. The letter further requested specific information from both cities be submitted to the MARB prior to today's meeting.

Thomas Hamilton requested more information regarding the assumptions in debt refunding, which are expected to produce savings of \$4.0m.

Mayor Rossi indicated that she has requested additional detail on debt refunding from the City's financial advisor, which the Mayor will, in turn, submit to the MARB.

Mr. Shuldman commented that it would be difficult to approve giving the City \$8.0m without seeing a 5 year plan. Mayor Rossi responded that a 5 year plan can only be built once the City has details for year 1, which they don't yet. Mr. Shuldman replied that if the City assumes the Mayor's recommended budget as year 1, they can project from there. Mayor Rossi said she also would not approve giving the City any money without a 5 year plan.

Discussion and clarification regarding the ECS grant revenue was led by Mr. Shuldman and Secretary Barnes.

Secretary Barnes reiterated that any approvals made by the Board would be contingent upon receiving an acceptable 5 year plan.

Sal Luciano asked if the City had considered using MARB money to restructure health care costs. Mayor Rossi responded that the City needs all of the MARB money to help with the operating budget.

Mr. Egan mentioned that the MARB had recommended that the City hire a benefits consultant to review all health insurance plan options. Secretary Barnes commented that he would not approve a change in health benefits without a comprehensive look at all options, but that the MARB will help the City procure and pay for a consultant to complete this review.

Motion to accept the resolution of the MARB regarding the FY18 Budget and Proposed Annual Budget for FY19 for the City of West Haven was made by Mark Waxenberg and seconded by both William Cochran and Commissioner Scott Jackson.

Vote on Motion: to accept the resolution; with present members Co-Chairs Secretary Benjamin Barnes and William Cochran, Members: Commissioner Scott Jackson, Patrick Egan, Thomas Hamilton, Mark Waxenberg, Peter Gioia, Sal Luciano and Bart Shuldman, voting all in favor, assuming the outlined conditions set forth in the resolution. The motion carried.

West Haven City Council Chairman, Ron Quigliani, asked the Board whether or not it recommends the City take action on revenue specifically.

Secretary Barnes responded that the MARB had conditionally approved the City's revenue assumptions in the resolution and suggested that the City Council could vote on the budget, if it believes the budget meets the conditions set forth in the resolution.

Mr. Shuldman added that in his professional opinion, he would not vote on the budget right now because a lot of work still needs to be done. He also suggested that the City aim to balance the budget without the \$8.0m in MARB money.

VI City of Hartford Issues and Items:

a. Review and Discussion Monthly Financial Report

Mayor Bronin review the City's monthly financials and reported that he is actively working toward reducing the City's request for restructuring funds from the MARB. The Mayor added that the City is currently targeting a savings of \$20m, which he believes is achievable.

Mr. Cochran asked if there was a retirement incentive in place for this year that was offered to Police and Fire. Mayor Bronin responded that no, there was not.

Mr. Shuldman asked whether there is a plan to fill Police and Fire vacancies, and whether or not the FY19 reflects those refills. The Mayor responded that yes, there is a plan and those costs are reflected in the FY19 budget.

Secretary Barnes asked what percent vacancies are of the total number of positions. The Mayor responded that it is 12.8%, with the largest number of vacancies in Police. The recommended staffing level is 482, the current staffing level is at 390, and the budgeted position count in FY19 is 425. There are 17 individuals currently in the academy.

Mr. Dakers asked a question regarding the FY19 Board of Education (BOE) budget and if there are any anticipated deficits for FY18. Melissa McCaw responded that the BOE will present their FY19 budget to the City Council the week of May 7th. She also noted that the BOE does not have a history of ending the year in deficit. Mr. Hamilton asked about the \$1.6m in union concession savings, and whether or not it is included in the FY19 budget. Ms. McCaw stated that yes, it is included. Mr. Shuldman asked about anticipated utility costs for the end of FY18 and anticipated increases for FY19. Ms. McCaw responded that the City expects to send an additional \$3.0m by the end of FY18, and that a 4% increase has been budgeted for in FY19.

b. Review and Potential Action re Non-Labor Contracts No Action

c. Review, Discussion and Possible Action re Five-Year Recovery Plan

Mayor Bronin provided the Board with an overview of the 5 year plan.

Mr. Gioia requested an assurance regarding the \$10m corporate commitment, and what year 6 could look like for the City. The Mayor responded that the corporate commitment is conditional upon many factors, including the MARB's approval of the 5 year plan. Additionally, in year 6, the City expects a \$2.1m surplus.

Mr. Hamilton requested more information regarding the changes to the City's Grand List over time, and how that affects the 5 year plan. Mayor Bronin responded that the City has evaluated 25 years of Grand List data, and based upon that analysis, has assumed growth of 1.5% in each year of the plan.

Secretary Barnes asked whether or not the 2023 revaluation will be based upon the City raising the tax rate. The Mayor answered that this will only be true if no new building has occurred, which is unlikely. He continued that the situation is expected to result in a combination of increasing the tax rate, and leaving it flat, depending on the circumstance.

Mr. Shuldman opined that the plan assumes additional borrowing, even after receiving \$20m in restructuring funds. Secretary Barnes clarified that this is not possible until the City is released from the MARB's purview.

Mr. Shuldman continued that the plan relies on corporate commitment that is going to dissipate. Mayor Bronin responded that the fiscal health of the City depends upon maintenance of discipline and growth.

Motion to approve the 5 Year Recovery Plan was made by Sal Luciano and seconded by Patrick Egan.

Mr. Shuldman stated that prior to a vote, the MARB should receive commitment letters from corporations regarding their annual commitments. He also noted that the MARB should also receive commitment from the state legislature that they will not reduce funding to the City based upon the MARB funding.

Mayor Bronin reported the city would be speaking with more companies both profit and non-profit, to attempt to facilitate more corporate commitment, and will continue to engage the corporate community. The Mayor added that he planned to take the MARB approved 5 year plan to the three corporations and request they solidify their commitment.

The three largest areas where the City is anticipating corporate commitment for assistance are the Hartford Public Library; the Recreational Center and Public Safety. These expenditure offsets will free up more money for PayGo CapEx.

Mr. Hamilton asked for clarification regarding school construction, and why reimbursements are not included beyond year 3 in the plan. Mayor Bronin responded that because the City is moving toward PayGo CapEx, there is no future distinction between City and School capital improvements.

Mr. Shuldman asked if previous school construction projects are complete. The Mayor responded that yes, they are, and that the City has commitment from the state Department of Administrative Services that the related allowable costs will be reimbursed.

Commissioner Jackson asked if \$12.1m in PayGo would be sufficient. The Mayor replied that they will make it work, as even \$50m would be insufficient for everything the City needs to do.

Vote on Motion to approve the City of Hartford 5 Year Recovery Plan: 8 members voted in favor, Co-chairs: OPM Secretary Benjamin Barnes and William Cochran, Members: Commissioner Scott Jackson, Patrick Egan, Thomas Hamilton, Mark Waxenberg, Peter Gioia, and Sal Luciano: Bart Shuldman voted against the motion. . The motion carried.

d. Presentation and Discussion of Mayor's Proposed FY 2018-19 Budget:

No action. This item will be discussed at the Hartford Subcommittee of the MARB, scheduled for May 10, 2018.

VII. Other Business

No action

VIII. Future Meetings; Next Meeting

The next meeting of the MARB will be held on Thursday, June 7, 2018. The MARB will take action on the City's FY19 budget, and on the City's forthcoming request for \$20m in restructuring funds at that meeting.

IX. Adjourn

Motion to adjourn was made by Sal Luciano and seconded by William Cochran, with all 9 members voting in favor. The motion carried and the meeting was adjourned at 12:55 pm.