

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
REGULAR MEETING MINUTES

Meeting Date and Time: Monday, June 22, 2020 10:00 AM –12:00 PM

Meeting Location: This was a telephonic meeting. Meeting materials can be found at <https://portal.ct.gov/OPM/Marb/Full-Board-Meetings-and-Materials>

Telephonic Meeting: Telephone 1 860-840-2075
Meeting ID: 726 231 201

Members Participating: Kimberly Kennison (OPM Secretary designee), Christine Shaw (State Treasurer designee), Matthew Brokman (joined at 11:00), Stephen Falcigno, Thomas Hamilton, Sal Luciano, David Biller, Mark Waxenberg, Robert White

Municipal Officials Participating: First Selectman Blanchard (Sprague), Superintendent Hull (Sprague), Michele Demicco (Sprague), Phyllis Nelson (Sprague Board of Finance), Mayor Rossi (West Haven), Frank Cieplinski (West Haven), Lee Tiernan (West Haven), Mayor Bronin (Hartford), Kim Oliver (Hartford), Don Perno (PMA)

OPM Staff Participating: Bill Plummer, Julian Freund, Mike Walsh, Michael Milone (liaison to West Haven)

I. Call to Order & Opening Remarks by Secretary Melissa McCaw and Treasurer Shawn Wooden
The meeting was called to order by Ms. Kennison at 10:06 AM.

II. Public Comment Period

III. Approval of Minutes: May 21, 2020 regular meeting

A motion was made by Mr. Luciano with a second by Mr. Hamilton, to approve the minutes of the May 21, 2020 meeting. The motion passed unanimously.

IV. Town of Sprague Issues and Items

a. Subcommittee update

A written update was provided with the meeting materials. The subcommittee met on June 5th to review the FY 2021 proposed budget and draft update to the Town's 5-Year Plan.

b. Review, discussion and possible action: FY 2021 Budget

The board was provided an overview of the FY 2021 budget and its underlying assumptions. Overall, revenues increase by 1.6%, attributable entirely to property taxes. The increase in property tax collections is largely due to an increase of one mill resulting in a mill rate of 35.75 mills, consistent with the previously approved 5-Year Plan, as well as some modest growth in the grand list. The property tax

collection rate remains at 97% and State Aid is projected to be flat, consistent with the State budget. Overall expenditures increase by 1.7% which is the cumulative change resulting from a reduction in funding for Town operations, required debt service payments, and a 2.95% increase in funding for Education. The original request from the Board of Education was an increase of approximately 3.5%. Subsequent reductions made by the Superintendent bring the proposed Education budget to 2.95%. He explained that the increase is driven primarily contractually required salary increases for certified teachers. The Superintendent noted that current year expenditures are projected to be approximately \$150,000 below budget which will add to fund balance. He also is projecting reductions in tuition and special education expenses in future years.

Mr. Hamilton asked about the impact of COVID on projected expenditures. The Superintendent responded that the most significant impact is on transportation costs which are being negotiated with the vendor. First Selectman Blanchard said that the impact on Town operating expenses is relatively minimal.

Mr. Waxenberg pointed out that a balance of \$400,000 of the authorized \$900,000 in restructuring funds for the Town remains. This could be available for extraordinary events or expenditures as needed to sustain cash flow. The board took up the discussion of the 5-Year Plan before returning to this item for a vote.

A motion was made by Mr. Waxenberg, with a second by Mr. Luciano, to approve the Town's FY 2021 Budget. The motion passed unanimously.

c. Review, discussion and possible action: 5-Year Plan FY 2021-2025 (handout)

The 5-Year Plan which was distributed to the board is an updated version of the draft plan reviewed by the subcommittee. The current version of the plan is based on actual grand list growth for FY 2021, but assumes no additional growth after FY 2021. Mill rate assumptions are carried forward from the previously approved 5-Year Plan. The original plan provided modest increases in Education expenditures that were tied to assumed equivalent increases in ECS funding. The updated plan makes a significant adjustment to Education assumptions which in turn has a significant impact on fund balance projections. Education funding is recalibrated to reflect the proposed FY 2021 budget and assumes annual increases of about 1.3%. In addition to the adjusted assumption for Education spending, fund balance projections also reflect the fact that the \$325,000 in proceeds from a property lease agreement will be amortized over the life of the 99-year lease instead of being recorded as a one-time revenue in FY 2020 as originally expected. Although the Town received the lease payment as planned, only a small portion, approximately 3,000, of the proceeds will be reflected on the Statement of Revenues, Expenditures and Changes in Fund Balance (income statement) over the next several years.

d. Review and discussion: Monthly Financial Report April 2020

First Selectman Blanchard reported that year to date budget actuals are comparable to the prior fiscal year for the same period. An update on cash flow projections was also discussed.

V. City of West Haven Issues and Items

a. Subcommittee update

The West Haven subcommittee has not met since the last full MARB meeting. At the last MARB meeting, the board had approved the FY 2021 budget contingent on City Council approval of the 5-Year Plan and MARB approval of the Plan. The City Council has since approved the Plan.

b. Review, discussion and possible action: 5-Year Plan FY 2021-2025

The 5-Year Plan provided to the board includes adjustments made by the City Council. The major assumptions were reviewed. Members discussed the projected mill rates and their sustainability when also taking into consideration the mill rates of the fire districts. Members noted the progress the City has made in addressing long term liabilities and the City Council's participation in the process.

A motion was made by Mr. Luciano, with a second by Mr. Hamilton, to approve the 5-Year Plan. The motion was approved unanimously.

c. Review and discussion: Monthly Financial Report April 2020

Mr. Cieplinski reported that a modest surplus is projected for the current year in the General Fund. Both the Allington Fire District and Sewer Fund are also projecting surpluses for the current fiscal year. Tax collections do not appear to have been affected by the pandemic yet. The City has set up a system in Munis to track COVID related expenses.

d. Non-Labor Contracts:

i. ADP Payroll Services

Mr. Tiernan provided an explanation of the ADP contract which will provide payroll and employee benefits services.

VI. City of Hartford Issues and Items

a. Subcommittee update

The subcommittee has not met since the last full MARB meeting. At the previous MARB meeting, the City's FY 2021 budget assumptions were approved contingent upon City Council approval of an updated 5-Year Plan and submittal of a plan for closing budget gaps in the out years of the Plan. The City Council has approved the 5-Year Plan. The plan for closing the budget gap will be presented at the next meeting of the Subcommittee.

b. Update: 5-Year Plan FY 2021-2025

Mayor Bronin reported that the City's 5-Year Plan was approved upon by City Council with some adjustments, but none affecting the underlying assumptions previously approved by the MARB. The draft 5-Year Plan has not been modified since it was last reviewed by the MARB. Plans for closing the projected budget gaps will be presented at the subcommittee level. Mayor Bronin noted that the City would be taking its final actions on the FY 2021 budget at this evening's meeting.

c. Review and discussion: Monthly Financial Report April 2020

The written monthly report was provided with the meeting materials. Mayor Bronin reported that the monthly financial update does not yet reflect an expected shift in the timing of health insurance claims

payments that would likely result in an increase in the projected current year surplus. He explained that the City is considering using a portion of the surplus to invest in the creation of a crisis response team that will help to save on expenses in the future. The balance of the surplus would be used to continue to add to fund balance and fund capital needs. The crisis response team concept is modeled after similar programs in Eugene, Oregon and several other municipalities. The City plans to develop and phase in a plan and related costs for the crisis response team over multiple years.

d. Review and Discussion: Non-labor Contracts

i. Workers Compensation Claims Administration

Ms. Kennison noted that the contract is in the 3rd year of the 5-year term.

ii. Summer Youth Employment Program

Ms. Oliver provided a brief explanation of the contract which serves approximately 900 youth in Hartford. This contract is a renewal for FY 2021.

VII. Other Business

VIII. Adjourn

The meeting adjourned at 12:00 PM.