

**MEMORANDUM OF AGREEMENT  
BETWEEN  
THE STATE OF CONNECTICUT'S OFFICE OF POLICY AND MANAGEMENT  
AND  
THE CITY OF WEST HAVEN**

**Regarding the Payment of Municipal Restructuring Funds to the City of West Haven for Fiscal Years  
Ending on June 30, 2018 and June 30, 2019 in Accordance with Public Act 17-2 of the June Special  
Session**

This Memorandum of Agreement ("MOA") is entered into by the State of Connecticut's Office of Policy and Management ("OPM") and the City of West Haven ("City"). This MOA shall take effect upon signature by both parties and shall end when the Secretary of OPM ("Secretary") removes the City from Tier III designation, or such later date as agreed to in writing by the OPM and the City. This MOA may be modified by amendments or superseded in its entirety at any given time by mutual written agreement by both parties.

WHEREAS, the City had a negative fund balance as of June 30, 2017, a projected operating deficit for Fiscal Year ("FY") 2018 and forecasted operating deficits for subsequent years, in response to which it issued deficit bonds in November 2017;

WHEREAS, the Connecticut General Assembly enacted Public Act 17-2 of the June Special Session, AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2019, MAKING APPROPRIATIONS THEREFOR, AUTHORIZING AND ADJUSTING BONDS OF THE STATE AND IMPLEMENTING PROVISIONS OF THE BUDGET ("PA 17-2"), which contained provisions to provide for a system of accountability and assistance to distressed municipalities, including the creation of the Municipal Accountability Review Board ("MARB"), contract assistance for eligible municipalities, and \$28 million in Municipal Restructuring Funds ("Restructuring Funds") to be awarded to eligible municipalities by the Secretary;

WHEREAS, as per Section 370 of PA 17-2 and the guidelines issued by the Secretary on January 12, 2018 require that a municipality seeking Restructuring Funds submit to the Secretary a Five Year Recovery Plan detailing its overall restructuring plan, including local actions to be taken, the proposed use of Restructuring Funds, and such other related information as the Secretary may require;

WHEREAS, as per Section 370 of PA 17- the Secretary consulted with the MARB regarding conditions for the payment of Restructuring Funds for the City;

WHEREAS, as a designated Tier III municipality under PA 17-2, the City is eligible to receive Restructuring Funds; and

WHEREAS, the MARB approved the City's Five Year Recovery Plan on Nov. 1, 2018.

THEREFORE, the parties mutually agree as follows:

1. To enable the City to eliminate or reduce its cumulative fund balance for FY 2018, the Secretary shall cause up to \$8 million in Restructuring Funds to be transferred, by the State to City, by December 31, 2018, provided that the conditions set forth below are met. The Secretary may withhold or delay payment of any of these funds payable if he/she determines that the City is not in compliance with any of the conditions set forth below, at his/her sole discretion.

- By December 15, 2018, the City shall submit to the Secretary, for review and acceptance, a plan to undertake a complete study, with recommendations, of the City's three fire Departments ("Fire Study") in accordance with the requirements of Part 1 of Attachment 1. .
  - By December 20, 2018, the City shall submit a draft independent financial audit or financial statement for FY 2018 to the Secretary for his/her review and approval; and
2. To enable the City to achieve balanced or positive budgetary operations in the Fiscal Year ending June 30, 2019, the Secretary shall cause up to \$8 million in Restructuring Funds, to be transferred, by the State to the City, in accordance with the schedule set forth below, provided that the conditions for each payment are met. The Secretary may withhold or delay payment of any of the funds payable in any such distribution of funds if he/she determines that the City is not in compliance with any of the conditions set forth below, at his/her sole discretion.
- By January 4, 2019, the Secretary will direct two hundred and fifty thousand dollars (\$250,000) to the City for MARB expenses associated with its work related to the City, and the City will pay such total amount back to State by January 18, 2019 to be held in a special account reserved solely for MARB expenses for the City;
  - Up to one million seven hundred and fifty thousand dollars (\$1,750,000) will be transferred to the City by February 28, 2019, provided that:
    - By January 15, 2019, the City, in consultation with OPM consultant, Michael Milone, shall submit a status report to the MARB about the preliminary plan related to the operational consolidations and shared services as described in Part I of Attachment 3;
    - By January 18, 2019, the two hundred and fifty thousand dollars for MARB expenses has been received by OPM from the City;
    - By January 1, 2019, the City shall select a vendor to complete the Fire Study and have said vendor approved by the Secretary;
    - By February 22, 2019, the City shall submit its final independent audit for FY 2018, including the City's federal and single audit and an accompanying management letter, to the MARB for its review and approval;
    - By February 15, 2019, the City shall submit to the MARB an organizational plan to address the administrative capacity needs associated with executing the City's financial plans, as set forth in Attachment 2; and
  - By February 15, 2019, the City shall submit to the MARB a preliminary plan related to the operational consolidations and shared services, including shared services with other jurisdictions and with the West Haven Board of Education. Any measures included in the preliminary plan with an FY 2020 impact must provide sufficient detail explaining how those savings or revenue enhancements will be achieved and the estimated budgetary impact consistent with the proposed FY 2020

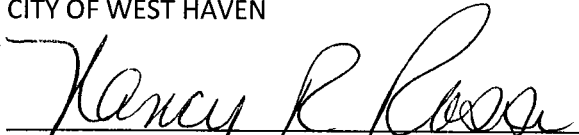
budget. Compliance with this condition is further described in Part I of Attachment 3;

- Up to two million dollars (\$2,000,000) will be transferred to the City by April 30, 2019, provided that:
  - By March 21, 2019, the City shall submit to the MARB the Mayor's proposed FY 2020 budget, which shall include as an appendix, a proposed updated Five Year Recovery Plan with FY 2020 being the first year of the Plan.
  - By April 1, 2019, the City shall submit to the MARB the preliminary draft analysis and recommendations regarding the Fire Study. Compliance with this condition is described further in Part II of Attachment 1; and
  - By April 1, 2019, the City shall submit to the MARB an analysis and plan for the sale of City owned assets.
  
- Up to four million dollars (\$4,000,000) will be transferred to the City by June 30, 2019, provided that:
  - The MARB has approved of the City's FY 2020 budget;
  - The MARB has approved the City's updated Five Year Recovery Plan, which shall include actions to address the City's long-term liabilities, including those of the fire districts, with FY 2020 being the first year of the plan;
  - By May 31, 2019, the City submits to the MARB the final analysis and recommendations regarding the Fire Study. Compliance with this condition is described further in Part II of Attachment 1;
  - Evidence that the City has contributed or included the Actuarially Determined Contribution ("ADC") related to the Police Pension Plan and the Allingtown Fire Department Pension Plan in FY 2019, in its FY 2020 adopted budget and in each year of its updated Five Year Recovery Plan;
  - By May 31, 2019, the City has submitted to the MARB the City's analysis and plan for operational consolidations and other strategies, including shared services, for achieving operational efficiencies sufficient to yield efficiency savings in the updated Five Year Recovery Plan. Compliance with this condition is further described in Part II of Attachment 3; and
  - By June 30, 2019, the City has submitted to the MARB of a reserve policy related to its General Fund and its health insurance plans.
  
- 3. The Secretary, in his/her sole discretion, may withhold all or a portion of any payments relating to Fiscal Year ending June 30, 2019, if the MARB or the Secretary, determines that the City has a projected operating deficit for FY 2019 in its General Fund, Sewer Fund or the Allingtown Fire Department and the City fails to submit and execute a remedial plan, acceptable to the MARB


and the Secretary, of actions to eliminate such deficit. A failure to submit timely monthly financial reports may be the basis for such a determination.

4. The City must remain in compliance with all requirements of a Tier III municipality, the Guidance Related to the Municipal Restructuring Funds issued by the Secretary and any other requirements of Public Act 17-2, including but not limited to, providing to the MARB monthly financial reports and cash flow projections, requests for information as allowed under the Act and that the Secretary may withhold all or a portion of any payment if the City is not in compliance with these requirements.
5. The City shall submit a written request to the Secretary for Restructuring Funds in accordance with the schedule and requirements contained in this MOA, which shall include documents evidencing compliance with the requirements contained herein.
6. The City shall provide OPM with any other reports the Secretary may require as to the City's use of the Restructuring Funds provided by the State.
7. The amount of any payment may be adjusted by the Secretary in the event that the FY 2018 audit confirms an operating deficit that is less than the deficit projected in the Five Year Recovery Plan. The City may recommend to the Secretary that such adjusted amount be made available for internal service funds, other City funds, or to support subsequent fiscal year operating budgets, which the Secretary may take into consideration when determining the uses of Restructuring Funds. The Secretary may also consider additional OPM expenses in support of MARB to be allowed uses of Restructuring Funds.

ACCEPTANCE AND APPROVALS  
CITY OF WEST HAVEN

  
\_\_\_\_\_  
Nancy Rossi, Mayor

OFFICE OF POLICY AND MANAGEMENT

  
\_\_\_\_\_  
Benjamin Barnes, Secretary

12/11/18  
Date

Attachment 1 – Requirements with Respect to Submittal of Plan for Fire Study and Fire Recommendations

- I. As a condition for receipt of restructuring funds, the City is required to submit to the Secretary a plan not later than December 15, 2018 to undertake a complete study, with recommendations, of West Haven’s three fire departments (the Project). The City must select a vendor (Consultant) to complete the study not later than December 31, 2018. The plan to undertake and complete the study shall include, but not be limited to, the following components:
  - a. Project timeline, including at a minimum:
    - i. Target dates for interviews of potential consultants;
    - ii. Target date for selection of Consultant;
    - iii. Project initiation, including kickoff meeting with Consultant;
    - iv. Preliminary report;
    - v. Final report; and
    - vi. Presentation of findings and recommendations to MARB.
  - b. Development of proposed Project scope with MARB input, to include but not be limited to:
    - i. Review and description of current organizational structure, service delivery and finances of City fire department and two independent fire districts;
    - ii. Feasibility of consolidation of the three fire operations;
    - iii. Financial analysis:
      1. Cost of operations;
      2. Long term capital planning and financing;
      3. Impact of long term health, pension and other liabilities and obligations;
      4. Revenue opportunities; and
      5. Impact on insurance and fire rating.
    - iv. Operational analysis:
      1. Staffing;
      2. Work schedules and associated Fair Labor Standards Act issues;
      3. Management and Leadership;
      4. Training and Development;
      5. Communications; and
      6. Apparatus, facilities and other physical assets.
    - v. Legal analysis:
      1. Consolidation;
      2. Labor agreements; and

3. Long term obligations and liabilities.

- vi. Recommendations.
  - vii. Plan of implementation for recommendations.
  - c. Project Manager – Individual that will be chiefly responsible for coordinating with the consultant, communications with steering committee, and reviewing draft materials submitted by consultant.
  - d. Steering Committee – Responsible for ensuring completeness of study with respect to scope, timeframe, and access to staff and resources. A steering committee acceptable to the Secretary, shall consist of representation of the City, individuals with knowledge of fire services, and OPM.
  - e. Deliverables – Reports and presentations that will be required of the Consultant, including the preliminary and final reports, and any other deliverables.
- II. As a condition of payment of restructuring funds, the City must submit not later than May 31, 2019 to the MARB the completed analysis and recommendations regarding the fire departments. The submittal of the completed analysis and recommendations shall include, at a minimum, the following:
- a. Presentation by the Consultant to the MARB of a preliminary report by April 1, 2019.
  - b. A final written report consisting, at a minimum, of:
    - i. an Executive Summary;
    - ii. Findings and Recommendations; and
    - iii. a Plan of Implementation.

Attachment 2 – Requirements with Respect to Submittal of an Organizational Plan to Address Administrative Capacity Needs

- I. As a condition for receipt of restructuring funds, the City is required to submit to MARB a plan to address administrative capacity needs not later than February 15, 2019. The City has included \$125,000 in the adopted FY 2019 budget for the purpose of hiring additional staff and making organizational changes to address administrative capacity needs. The plan for meeting this condition shall include, but not be limited to, the following:
  - a. An analysis and description of administrative capacity deficiencies, taking into consideration the following:
    - i. The October 2018 report “MUNIS Operational Assessment” prepared by Blum Shapiro;
    - ii. Consultation with Michael Milone, OPM consultant;
    - iii. The City’s current structure for administering employee and retiree benefits; and
    - iv. Documentation and tools developed in consultation with Alison Fisher, OPM.
  - b. Definition of the position(s) to be created, modified and/or filled to address administrative deficiencies:
    - i. Job descriptions; and
    - ii. Organizational chart.
  - c. Plan for filling positions:
    - i. Recruitment strategy;
    - ii. Selection process;
    - iii. Interview panel;
    - iv. Timeline for filling position(s); and
    - v. On-boarding and training of new staff.
  - d. Plan for supervision and management of new positions:
    - i. Identification of supervisor(s); and
    - ii. Identification of resources (technology, training and development, etc.) to be provided to new staff.

Attachment 3 – Requirements with Respect to Plans Related to Operational Consolidations and Shared Services

- I. As a condition for receipt of restructuring funds, the City is required to submit to MARB a preliminary plan related to operational consolidations and shared services not later than February 15, 2019. The preliminary plan shall include, but not be limited to, the following:
  - a. A list of potential operational efficiencies to be achieved through consolidation, shared services, technological enhancements, and other operational improvements that have been given consideration;
  - b. An analysis of the list of potential consolidations and shared services which identifies those that have been determined to be top priorities for implementation;
  - c. An explanation of the criteria and process used for prioritizing;
  - d. A timeline which includes a schedule for developing a detailed implementation plan and preliminary target dates for implementation of the highest priority items;
  - e. Identification of any consultants to be engaged in developing an implementation plan for the highest priority items; and
  - f. For measures that will have an impact on the FY 2020 budget, detail must be provided explaining how savings or revenue enhancements will be achieved and an estimate of the budgetary impact consistent with the proposed FY 2020 budget.
  
- II. As a condition for payment of restructuring funds, the City is required to submit to the MARB an analysis and plan for consolidations, shared services and other strategies for achieving operational efficiencies sufficient to yield efficiency savings in the updated Five Year Recovery Plan not later than May 31, 2019. The analysis and plan shall include, but not be limited to, the following:
  - a. Itemization of consolidation, efficiency, shared service and other strategies and initiatives designed to achieve cost savings or revenue enhancement which the City intends to implement as part of the updated Five Year Recovery Plan. The itemization of initiatives may be based on the preliminary plan, but need not exclude other strategies or initiatives;
  - b. For each strategy or initiative, an implementation plan that consists, at a minimum, of the following:
    - i. Goal or intended outcome;
    - ii. Timeline for implementation with milestone dates;
    - iii. Staff team assigned to implement, and the staff member chiefly responsible for coordinating the implementation;
    - iv. Other agencies or partners that will be involved in the implementation and evidence of support from those agencies and partners;
    - v. Resources needed for implementation; and
    - vi. Net financial impact of the strategy or initiative.



- c. For each strategy or initiative, a template document that will be used for tracking progress and reporting on implementation status to the MARB.
- d. It is OPM's and the MARB's expectation that, while the plan should cover each year of the updated Five Year Recovery Plan, that the efficiency items for fiscal year 2020 should be demonstrated to be clearly planned for and achievable in fiscal year 2020.