

**DRAFT**  
**State of Connecticut**  
**Municipal Accountability Review Board (MARB)**  
Subcommittee Meeting with City of West Haven  
**West Haven City Hall, 355 Main Street, West Haven, CT**

**Meeting Minutes – Thursday, May 24, 2018**

**Members in attendance:**

Chair: OPM Secretary Benjamin Barnes

Members: Patrick Egan and Thomas Hamilton

**Staff:** Robert Dakers (OPM), Alison Fisher (OPM), Michael Sullivan (OPM), and Riju Das (OTT)

**Representatives from West Haven:** Mayor Nancy Rossi and Linda Savitsky

**I. Call to Order and Opening Remarks by Secretary Ben Barnes**

Meeting was called to order by Secretary Ben Barnes 9:06 am.

**II. Mayor's report on meeting the conditions set in the MARB resolution as approved on May 3, 2018, the FY2019 City Budget process, upcoming City Council meetings, status of Dispatcher's Labor Agreement, and changes to revenue assumptions (MRF, state aid, mill rate, etc.)**

**a. FY19 City Budget Update/Process/ Upcoming Council Meetings**

Mayor Rossi informed the Board that the FY19 Mayor's recommended budget had not been acted on by the Council at their last meeting on May 3, 2018. She indicated that the budget, as recommended, will go into effect by default if action is not taken before July 1.

Mayor Rossi stated that a Special Meeting of the Council has been scheduled for Tuesday May 29, 2018 at 6pm, where the Council is expected to act on a revised version of the Mayor's recommended budget, which now included final state aid numbers, removes savings assumptions that were concerning to the MARB (including the \$4m in bond refunding), and meets the conditions set forth in the resolution as approved by the MARB on May 3, 2018.

Regarding the 5 year plan, Mayor Rossi noted that OPM staffer Alison Fisher has offered to provide a template and guidance in order to help the City complete this task in advance of the June 7, 2018 MARB meeting. She asked the subcommittee members for guidance regarding out year assumptions, particularly regarding consolidation of fire service, which she has not yet discussed with the Fire Chiefs.

Secretary Barnes responded that a 5 year plan that addresses the City's structural budget issues should address changes needed to fire service. The City's inability to levy appropriate taxes is based on how fire service is budgeted and that must be changed. You have to do

this, or significantly increase property taxes, to cover the long-term liabilities before you. In summary, a 5 year plan should be structurally balanced, it should avoid adding to long-term liabilities, it must adequately fund collective bargaining, and properly fund costs such as health insurance and other major cost drivers. Secretary Barnes continued that a 5 year plan is meant to be a living document, with a lot of moving parts that may change as details emerge each year. He suggested that the City should establish a patterned approach to collective bargaining. He noted that if the Mayor wants to consolidate services in the plan, it should be an estimate that will be phased in. These numbers will likely change when the City actually begins implementing the consolidation. In the case of fire service, Secretary Barnes recommended that the Mayor discussed a high level vision with the Fire Chiefs before designing the plan.

Mr. Egan offered that the City should consider anything it can do, including fire, to achieve balance and efficiencies. Mr. Egan also noted that the City should either consolidate fire service or raise taxes, as you see fit, regardless of the mill rate set by the fire districts.

Mr. Hamilton offered that a 5 year plan is simply a set of assumptions. The City should not assume significant savings in year 1, because that's not reasonable. However, it can assume some savings that are reasonable in the out years.

Mayor Rossi asked if it were included in the 5 year plan, would the MARB support the City using MARB money to cover run-off costs if the City moved to the state health insurance plan on July 1.

Mr. Egan reminded the Mayor that the MARB's recommendation was to look at all insurance coverage options and that it had strongly recommended working with a benefits consultant to evaluate the situation.

Mayor Rossi explained that some City Council members would like to vote to move to the state health insurance plan on July 1.

Mr. Egan responded that the state had no expectation that could happen.

Secretary Barnes offered that the City should have no realistic expectations of changing health plans any earlier than January 1, of not July 1, 2019, and must do so in a reasonable way, after a full evaluation. Secretary Barnes also noted that the City does not yet have any money approved by the MARB and that they are far from getting it. Assuming the City does receive the MARB money, if the City moves ahead with this idea, and uses the MARB money to help defray costs, the City will only deepen its deficit and require major cuts to balance future budgets.

**b. Status of Dispatcher's Labor Agreement**

Mayor Rossi explained that the Dispatchers Tentative Agreement did pass the City Council. She noted that she believes it is a fair contract which adequately met the MARB's concerns/expectations. Mayor Rossi then gave a high level overview of the principle terms within the agreement:

- No wage increases for FY18 and next 3 years.
- Retirement eligibility changed to 20 years of service and 55 years of age for current employees

- No post-retirement health benefits for new employees
- High deductible health plan
- Employee contribution for health insurance is 14% in FY18 and increases to 15%, 16% and 17% in the next 3 years, respectively.

Mr. Hamilton asked if a cost analysis had been completed, as was previously requested by the MARB.

Ms. Savitsky responded that it had not.

Bob Dakers introduced a discussion regarding the date by which the MARB must act on the agreement.

Mr. Egan noted that the revised agreement, as approved by the Council, seems to have met all of the Board's concerns.

Mr. Egan made a motion to recommend the approval of the agreement to the full MARB, for action at its next meeting on June 7, 2018.

Mr. Hamilton seconded the motion, adding his request that a cost analysis and a 5 year plan also be presented at the MARB meeting on June 7<sup>th</sup>.

Secretary Barnes agreed that the agreement did address the Board's concerns and made meaningful progress on retirement benefits and long-term liability.

Motion carried unanimously.

Secretary Barnes mentioned that OPM staff will provide support for a cost analysis, if needed.

**c. Changes to revenue assumptions**

No discussion on this item.

**III. Discussion regarding the updated FY2019 recommended budget**

No discussion on this item.

**IV. Review, Discussion and Questions from Committee Members**

No discussion on this item.

**V. Discussion of Next Steps and Meeting Dates; Information Requests from Committee Members**

Secretary Barnes explained that as a Tier III community, the MARB's role is to help West Haven help itself. However, in the event that the Mayor and Council are not able to achieve a budget that meets our expectations, we're left with a budget that goes into effect that doesn't meet MARB requirements, causing complexity regarding mill rates and various operating issues in the coming year. Secretary Barnes also said that this committee should consider recommending to the full MARB, if there is no budget achieved by June 7<sup>th</sup>, that the MARB evaluate the process to make West Haven a Tier IV community.

Mr. Hamilton indicated his support of that recommendation, if Tier IV became necessary. He also mentioned that there has been a long history in West Haven of adopting budgets that are not balanced, and the time is now for the City to do the right thing.

Mr. Egan agreed and added that if it looks like a partnership won't work between the Mayor and the Council, either this year or in the out years, I would recommend Tier IV. Mr. Egan also said that nothing discussed by the committee, or by the full MARB, insinuates that the leadership within the City isn't dedicated to making things better in the City.

Mayor Rossi thanked the committee for giving the City more time to agree upon a budget and design a 5 year plan. She mentioned that the City and Council leadership have been working together to achieve what it is in the resolution approved by the MARB, and although it's difficult, it's the right thing to do.

Secretary Barnes reiterated his preference for the City leadership to work together to solve its own problems, with some technical assistance from the MARB. He explained his concern that there will be no ability to provide critical services if the Council does not act. If the MARB recommends that West Haven be moved into Tier IV on June 7<sup>th</sup>, the Board would have the authority to set an interim budget so the City can operate until the Council does take action. The City Council also has the ability to vote, with a regular majority, for the City to enter Tier IV status. Secretary Barnes expressed his hope that the subcommittee discussion will sharpen the Council's focus on taking action.

Secretary Barnes then committed to address the Council directly, regarding the urgency of this matter, at their Special Meeting on May 29<sup>th</sup>. He added that there was no need to make a formal recommendation to the MARB that it consider Tier IV status for the City, but that he would mention it at the June 7<sup>th</sup> meeting, only if necessary.

## **VI. Other Related Business**

Ms. Savitsky said that the FY17 audit will be available the first week of June.

Secretary Barnes stated that the June 1<sup>st</sup> agenda for the State Bond Commission includes \$3.9m for the restoration of tide gates in West Haven's Cove River.

Mayor Rossi added that the site plan for The Haven has been developed and was submitted on 5/21, but it has not yet been approved.

Mr. Egan asked Mayor Rossi if City real estate appraisals had been completed. The Mayor responded that they had not, but that there are lien sales going on right now and the boot process has worked out very well. Both of these efforts will generate new revenue for this fiscal year.

## **VII. Adjourn**

Motion to adjourn was made by Mr. Hamilton and seconded by Mr. Egan. The motion carried unanimously and the meeting adjourned at 10:00 am.