To: Governor Lamont
From: Secretary Beckham
Date: May 15, 2022
Subject: Report Regarding Recommended Tier IV Designation of City of West Haven

At a special meeting on April 14, 2022, the Municipal Accountability Review Board (MARB) adopted a report of finding that the fiscal condition of the City of West Haven warrants designation of the City as a Tier IV municipality and voted to recommend that the City be designated a Tier IV municipality. In accordance with C.G.S. Section 7-576e, a 30-day notice and public comment period was provided that closed on May 14, 2022.

The statute concerning Tier IV designations requires the Secretary of OPM forward the MARB’s finding, recommended designation and report of the public comments received to the Governor. The Governor may approve or disapprove the MARB’s Tier IV designation provided.

Also included, is an analysis by Standard & Poor’s which was published subsequent to the April 14 special meeting of the MARB in which the rating agency modified the City’s outlook from ‘positive’ to ‘stable’. OPM has also learned that subsequent to the MARB’s action to recommend a Tier IV designation, the City’s independent auditor has withdrawn from their engagement with the City.

Please contact me if you have any questions.

Attachments:

- Draft Minutes of MARB 4/14/22 Special Meeting
- Final Report – Findings and Recommendation by the Municipal Accountability Review Board Regarding a Tier IV Designation of the City of West Haven
- Report on Public Comment Received
- Public Comment Received
- Standard & Poor’s: West Haven, CT ‘BBB’ GO Rating Outlook Revised to Stable

Cc - Paul Mounds, Chief of Staff, OTG
Nora Dannehy, General Counsel, OTG
Municipal Accountability Review Board
Gareth Bye, General Counsel, OPM
Kimberly Kennison, Executive Financial Officer, OPM
Julian Freund, Policy Development Coordinator, OPM
Minutes
April 14, 2022 Special Meeting of the MARB
Meeting Date and Time: Thursday, April 14, 2022 11:00 AM –12:00 PM
Meeting Location: This was a virtual meeting. Meeting materials can be found at https://portal.ct.gov/OPM/Marb/Full-Board-Meetings-and-Materials
Call-in Instructions: Telephone 1 860-840-2075
Meeting ID: 748 153 77

Members in Attendance: Secretary Beckham, Christine Shaw (State Treasurer designee), David Biller, Matthew Brokman, Patrick Egan, Stephen Falcigno, Thomas Hamilton, Sal Luciano, Mark Waxenberg, Robert White

Special Members in Attendance for Purpose of Tier IV Findings: West Haven Mayor Rossi, West Haven Treasurer Michael Last, West Haven Council Member Mitch Gallignano

City Officials in Attendance: Scott Jackson, Lee Tiernan

OPM Staff in Attendance: Kimberly Kennison, Julian Freund

I. Call to Order

The meeting was called to order at 11:03 AM.

II. City of West Haven

a. Introduction of additional members of the board for the purpose of determining whether to make a finding pursuant to CGS Section 7-576e(a)(2)

Secretary Beckham explained that State statute requires that, for the purpose of considering designation of a municipality to Tier IV, the composition of the board shall include the chief elected official of such municipality, the treasurer of such municipality and a member of the legislative body of such municipality, as selected by such body. The City Council selected Mitch Gallignano as their representative for this purpose. These three additional members are only participating for the purpose of the question regarding Tier IV designation. The Mayor and Council Member will be voting members of the board for the purpose of considering Tier IV designation. The City Treasurer will not be eligible to vote.

b. Review and discussion: Discussion and evaluation of criteria relating to Tier IV designation pursuant to CGS Section 7-576e(a)(2)
Secretary Beckham noted that the membership of the board has been modified in accordance with state statute. He further explained that State statute specifies the criteria to be evaluated when considering whether a Tier IV designation is warranted. A draft report has been prepared with an evaluation of each of the criteria referenced in state statute. The City of West Haven has also submitted information for consideration in this discussion. The Secretary opened the floor for discussion.

Mr. Waxenberg indicated he had no amendments or changes to the draft report. He highlighted text on page 13 stating, “The MARB notes that historically, there have been systemic deficiencies that have prevented the City from achieving long-term financial stability.”

Secretary Beckham noted one typographical error in the draft report to be corrected. On page 13, the first sentence in the final paragraph should insert the word “not” so that the sentence reads, “The MARB recognizes that a Tier IV designation will not guarantee that systemic and cultural change is achieved.” That paragraph goes on to say, “There are limits to the additional authority provided by a Tier IV designation. However, Tier IV does provide the MARB with additional oversight tools, notably the ability to hire a Financial Manager. With good faith cooperation from the City’s leadership, Tier IV oversight can help the City implement the cultural changes and financial infrastructure development that previous oversight boards have been unable to enforce.”

Mr. White asked the City why it submitted the materials it provided in the context of this discussion and whether there are any proposed findings that the City disagrees with. Mayor Rossi explained that she submitted the information to show the work the City has completed over the last few months, including a corrective action plan for IT and procurement, and hiring staff. She said that the City is still reviewing the audit and is planning on pushing back on some of the findings. Mr. Jackson is working on making additional submissions regarding Cares Act expenditures. Mr. White clarified that his question was regarding the findings in the report regarding the Tier IV findings. Mayor Rossi said that the City has moved forward on certain items in the proposed corrective action plan.

Mr. Hamilton agrees that the conclusion that the City should be moved to Tier IV is supported by the report. He also noted the long-term nature of the City’s financial problems. Providing the MARB with additional oversight tools will help to make the cultural changes needed in the City.

Mr. Falcigno added that he supports the recommendation to move the City to Tier IV.

Mr. Last said he does not support moving the City to Tier IV and feels the City should be provided an opportunity to respond to the CohnReznick audit. He also said he doesn’t believe that a move to Tier IV would be justified based on the criteria for making that designation in state statute. He said the City’s balance sheet is stronger than it was four years ago, and fund balance is projected to increase further. Mr. Last supports the idea of funding for a financial consultant to work on internal controls and procedures for the City. He said that a Tier IV designation would require a one mill increase to the City’s mill rate.

Secretary Beckham pointed out that the City’s balance sheet has improved because of the distribution of restructuring funds.

Mr. Luciano said he does not see any other option than to designate the City at Tier IV.

Mr. Brokman agreed with Mr. Luciano and said that Tier IV is the step needed to protect the taxpayers of West Haven.
Ms. Shaw pointed out the numerous chances that the City has been provided to address the issues raised in the CohnReznick audit. She also noted the audit’s findings regarding Mr. Last’s role in the City as Treasurer and a signer of checks.

Mr. Gallignano said he agrees with Mr. Last and believes the City does not meet the criteria for Tier IV. He said the mayor has worked hard and the City’s balance sheet reflects improvement. He does not want another mill rate for the City. He added that the current administration is the third since he joined the City Council and the first to achieve balanced budgets. He said the City Council supports the mayor.

Mayor Rossi explained that when she was elected the City was immediately place under MARB due to the deficit bonds issued. She described her efforts to eliminate deficits in FY 2017 and FY 2018. She said she will not support a move to Tier IV.

c. Review, discussion and possible action: Consideration and discussion of making a finding that the fiscal condition of the City of West Haven warrants designation as a Tier IV municipality pursuant to CGS Section 7-576e(a)(2)

This item was included on the agenda at the direction of the MARB at their special meeting held on April 5. If the board votes to find that a Tier IV designation is warranted, that finding and recommendation is to be forwarded to the Secretary of OPM. A 30-day public comment period follows. Then, at the end of the 30-day comment period, the findings and recommendation, as well as a report regarding the comments received during public comment are forwarded to the Governor. It is the Governor’s decision to designate the City as a Tier IV municipality.

The following motion was made by Ms. Shaw, with a second by Mr. Biller:

To adopt the Findings and Recommendations of the Municipal Accountability Review Board Regarding a Tier IV Designation of the City of West Haven as amended and to recommend Tier IV designation of the City of West Haven pursuant to CGS Section 7-576e(a)(2).

Mr. Egan said that he supports the motion, not because of the alleged thefts of Representative DiMassa, but because of all of the reasons laid out in the draft report.

Secretary Beckham added that it is clear that the latest episodes described in the CohnReznick report point to serious governance issues, lack of internal controls and other weaknesses.

Ms. Shaw explained that this action is intended to support the City and in the interest to helping the City achieve a position of self-reliance.

The motion passed by a vote of 10-2-0, with Mayor Rossi and Mr. Gallignano opposed.

d. Review, discussion and possible action: Draft staff recommendations for corrective actions regarding City of West Haven

Secretary Beckham explained that staff have developed several items in preparation of the possibility that Tier IV is approved by Governor. These include a draft budget to implement Tier IV, cover OPM administrative costs, and recover expenses of forensic audit. Also provided is a draft action plan timeline and a draft corrective action plan which was previously reviewed by the board.
Mr. Waxenberg made a motion, with a second by Mr. Egan, to advise OPM to draft a memorandum of agreement regarding use of withheld Municipal Restructuring Fund for the purpose of supporting the proposed budget. The motion passed by a vote of 10-0-0.

A motion was made by Mr. Egan, with a second by Mr. Lucanio, to advise OPM to begin to identify consultants with appropriate experience and expertise to conduct Financial Organizational Assessment. Mr. White pointed out that the funding for the budget will be coming from withheld municipal restructuring funds, not from West Haven taxpayers. This use of funds would help the City without draining their reserves. The motion passed by a vote of 10-0-0.

Mr. Brokman asked for the City to provide its thoughts regarding the items included in the draft corrective action plan prior to the next meeting.

Mr. Last pledged his office’s and the City’s cooperation and participation in moving forward.

III. Other Business
   a. Date of May regular meeting

The board discussed potential dates for rescheduling the May meeting. The dates of May 18th and 19th were offered as options. Staff will work on a date.

Mr. Egan asked for consideration of holding the Subcommittee meetings in West Haven going forward. Secretary Beckham indicated interest in resuming in-person meetings at some point as well.

IV. Adjourn

A motion to adjourn was made by Mr. White, with a second by Mr. Waxenberg. All voted in favor. The meeting adjourned at 12:02 PM.
Final Report of MARB
Findings and Recommendation
Regarding Tier IV Designation of City of West Haven
Findings and Recommendation by the Municipal Accountability Review Board Regarding a Tier IV Designation of the City of West Haven
Adopted April 14, 2022

I. Background

The City of West Haven was referred to the Municipal Accountability Review Board (MARB) in December 2017 following the City’s issuance of approximately $17 million of deficit bonds. Based on Connecticut General Statutes, the issuance of deficit bonds by a municipality automatically results in its designation as a Tier III municipality and its referral to the MARB. The City had accumulated a large General Fund deficit, as well as deficits in the Allingtown Fire Fund and the Sewer Fund. The negative Fund Balances were largely the result of recurring operating deficits caused in part by unsustainable budget practices.

The MARB’s authority and powers as they relate to Tier III municipalities consist of the following:

- Review and approval of 3-Year Financial Plan
- Review of monthly financial reports
- Review of certain aspects of annual budget (State Aid assumptions, property tax assumptions, mill rate assumptions)
- Review and comment on annual budget prior to local adoption
- Approval of refunding bonds and certain bonds supported by the State special capital reserve fund
- Review and comment on the issuance of all other debt obligations
- Approval of most labor contracts and some opportunity to reject arbitration awards
- Notification of non-labor contracts (over $50,000 for municipalities with population below 70,000)
- Monitoring of 3-Year Financial Plan and budget
- Ability to obtain financial information and make recommendations regarding efficiencies or productivity
- Ability to require implementation of LEAN practices

In addition to the MARB authority described above, a key feature of the Tier III designation is eligibility to request Municipal Restructuring Funds (MRF). Designated municipalities that receive MRF are subject to additional requirements, including MARB approval of the full budget and to obtain MARB approval of a 5-Year Plan (as opposed to a 3-Year Plan).

The City’s first 5-Year Plan for the period FY 2019 – FY 2023 was approved by the MARB in November 2018. The plan set targets for gradually building Fund Balance to approximately $4 million by the end of FY 2023 and was based on receiving MRF over a five-year period beginning with $8 million in FY 2018 (to help close a projected deficit) and gradually phasing out payments to $0 by the final year of the Plan.
Since then, the City has revised and updated its 5-Year Plan three times. The MARB has ensured the City’s adherence to the major tenets of its 5-Year Plans, enforced disciplined budget practices and realistic revenue projections, assisted the City in managing the cost of employee benefits (through labor negotiations and a transition to the State Partnership Health Plan), and helped the City stabilize its finances. Due in large part to having received a total of $16.2 million of MRF, the City has established a modest General Fund Balance (in addition to eliminating the deficits in both the Allingtown Fire Fund and Sewer Fund).

While these improvements are evident on the City’s balance sheet, the MARB has noted deficiencies in the City’s administrative and financial management that must be addressed in order for the City to achieve long-term fiscal sustainability. Various issues concerning to the MARB have been raised by the City’s independent auditors and by outside consultants.

While the statute creating the MARB does not provide the board with the authority or powers to intervene in City operations or to compel the City to take any corrective actions, the MARB has consistently attempted to exert influence on the City to resolve internal control deficiencies and inadequate policies and procedures through its budget approval authority and the distribution of MRF.

While some measured progress in select areas has occurred, the City has not established an adequate financial management infrastructure supported by a comprehensive system of internal controls and policies and procedures.

The City’s lack of urgency in addressing its financial management capacity is visible in both its reluctance to fill critical positions and its willingness to spontaneously pull staff from critical positions for reassignment. In multiple instances, the MARB has urged the City to fund key positions through the budget process or fill key vacancies in response to audit findings or consultants’ recommendations only to discover positions left vacant for excessive periods, filled with internal candidates lacking relevant experience, and/or assigned to unrelated duties.¹

The City has similarly been slow to take action in response to audit findings. The FY 2019 and FY 2020 audit findings and recommendations present the most glaring examples. The FY 2019 audit, which was finalized in March 2020, included a number of findings, including deficiencies in the City’s procurement and accounts payable processes. Resolution of these findings was made a requirement for distribution of FY 2021 MRF. Anticipating that the FY 2020 audit would also likely include significant or material findings, the distribution of FY 2021 MRF was also made contingent on the City preparing corrective action plans for those findings. To date, the findings of the FY 2019 and FY 2020 audits have not been resolved and the MRF have been withheld.

The unfortunate and costly consequences of failure of the City to acknowledge deficiencies and to take remedial action are documented in detail in the CohnReznick audit commissioned by the Office of Policy and Management (OPM).² The findings in the CohnReznick report extend beyond the use and management of Covid Relief Funds (CRF) and have implications for financial management throughout the organization. Behind the City’s growing reserves, balanced budgets and operating surpluses, the City’s financial management infrastructure has deteriorated.

While much has been made about the City’s vastly improved balance sheet, two critical points warrant highlighting:

1. The City’s reserve levels, while reaching positive territory, remain slim and are vulnerable to economic downturn or other financial shocks. As the second section of this report will demonstrate, the City’s

¹ Select examples of resistance to corrective actions are provided in Attachment A
² CohnReznick, Summary of Fundings: City of West Haven, Connecticut Use of Coronavirus Relief Funds, 4/1/2022
finances remain precarious, especially in the absence of an underlying financial management infrastructure, and

2. The City has been on this path before. Severe fiscal distress, evidenced by a large General Fund deficit, led to the creation of a State oversight board in 1992. Shortly after restoring solvency to the City, the oversight board disbanded in 1995. After a period characterized by positive reserve levels, the City fell back into a deficit position in 2005 which continued until its designation as a Tier III municipality. The MARB is determined to not repeat this cycle.

Given the findings of the CohnReznick audit and the status of the City’s responses to audit findings and other areas of concern, the MARB opted to give consideration to designating the City a Tier IV municipality in accordance with the provisions of CGS Section 7-576e.

II. Findings

CGS Section 7-576e(a)(2) requires that the MARB make its determination regarding a Tier IV designation on an evaluation of the following criteria:

A. The balance in the municipal reserve fund

B. The short and long-term liabilities of the municipality, including, but not limited to, the municipality’s ability to meet minimum funding levels required by law, contract or court order

C. The initial budgeted revenue for the municipality for the past five fiscal years as compared to the actual revenue received by the municipality for such fiscal years

D. Budget projections for the following three fiscal years

E. The economic outlook for the municipality

F. The municipality’s access to capital markets

The Board’s key findings and evaluation of each of the criteria is presented below.

A - The balance in the municipal reserve fund

Findings:

• The City’s General Fund Balance remains well below the 5% threshold widely considered the minimum level of responsible reserves

• Progress that has been made in stabilizing the City’s reserves and eliminating the General Fund deficit has been driven by additional financial assistance through the distribution of Municipal Restructuring Funds (MRF)

• The City, based on the Recommended FY 2023 Budget, appears to have abandoned the previously approved multi-year plans for accumulating reserves

• Restatements of prior year financial statements and recent findings of policies, procedures and internal controls pose questions about the reliability of City financial statements and projections

3 See Attachment B: City of West Haven Fund Balance Timeline and Notes Re: Special Act 92-5
• References made by City staff regarding FY 2021 invoices unrecorded as of December 2021 or later undermine confidence in the City’s reported Fund Balance and ability to accurately project surpluses

• To the extent that the City generates some of its surpluses by holding key financial management positions vacant, the trade-off is short term savings at the expense of further erosion of management capacity

**Evaluation:**

The most recent audited financial statements are for the fiscal year ending June 30, 2020. The City’s FY 2021 audit has not yet been completed despite the requirement under State law that such audits must be completed and filed with the Office of Policy and Management by no later than six months after the completion of the fiscal year.

The City’s General Fund Balance as of June 30, 2020 was $3,575,671 which equated to 2.07% of that year’s expenditures and 2.05% of that year’s revenues. This level of reserves is well below the standard of 5% as a minimum.

Prior to the City’s referral to the MARB as a Tier III municipality, its General Fund Balance carried a deficit of -$18,138,674. Much of that deficit was eliminated through the City’s issuance of deficit bonds, which was also the triggering event leading to its referral to the MARB. Increases to the City’s General Fund Balance since the issuance of the deficit bonds in November 2017 are attributable directly to Municipal Restructuring Funds (MRF) distributed to the City in conjunction with its 5-Year Plans. The table below depicts the year-to-year changes in the City’s General Fund Balance and the extent to which the City has relied on Municipal Restructuring Funds.

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>(18,138,674)</td>
<td>(1,408,027)</td>
<td>1,358,918</td>
</tr>
<tr>
<td>Proceeds from Deficit Bonds</td>
<td>17,175,796</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Municipal Restructuring Funds (MRF)</td>
<td>8,000,000</td>
<td>5,000,000</td>
<td>3,115,000</td>
</tr>
<tr>
<td>Surplus/(Deficit): net of Deficit Bonds and MRF</td>
<td>(8,445,149)</td>
<td>(2,233,055)</td>
<td>(898,247)</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>(1,408,027)</td>
<td>1,358,918</td>
<td>3,575,671</td>
</tr>
<tr>
<td>Estimated Fund Balance Without MRF</td>
<td>(9,408,027)</td>
<td>(11,641,082)</td>
<td>(12,539,329)</td>
</tr>
</tbody>
</table>

As the above table makes apparent, the City’s General Fund Balance would have continued to be in a deficit position had Municipal Restructuring Funds not been distributed in the three years shown.

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5 CGS 7-395d identifies 5% as a key threshold for triggering referrals to the Municipal Finance Advisory Commission. CGS Sec. 7-576a – 7-576d identifies 5% as a key threshold for defining eligibility for designation at Tiers I, II, or III. The Government Finance Officers Association recommended 5% as a minimum fund balance target in the past. Currently, the GFOA recommends a minimum fund balance equal to two months of operating costs (approx. 16%).
Although the City anticipates a surplus for the fiscal year that ended June 30, 2021, audited financial statements are not expected to be finalized for several months. Even if a surplus materializes as projected by the City, it is expected to be well below the standard of a minimum 5% reserve level.

Regarding the City’s level of reserves, it is also worth noting that the City was required to re-state its Fund Balance as recently as FY 2018. The General Fund Balance, originally reported at $2,181,149 as of June 30, 2018 was restated in the FY 2019 audited financial statements to be in a deficit position at ($1,408,027). The improper year-end accrual of expenditures was the cause of the inaccurate Fund Balance in the original financial statements and was included in FY 2019 audit findings as a material weakness.6

The discovery of FY 2018 invoices paid in FY 2019 was brought to OPM’s attention by the independent auditor during an audit closing meeting late in the FY 2019 audit process. At OPM’s urging, and with the City’s acquiescence, the auditor expanded testing to include three additional months. That finding was repeated in the most recent completed audit (FY 2020).7 To date, the resolution of the underlying cause has not been verified. As recently as January 2022, the City’s former Finance Director reported that unpaid FY 2021 invoices were still being received and processed by the Finance Office.

FY 2018 was not the first time the City’s financials needed to be restated. The City’s FY 2005 General Fund Balance, originally reported at $6.8 million, was subsequently restated to be in a deficit position at ($3.6) million.

As will be discussed further in the findings for item D, the City’s plan was to rely on financial assistance in the form of MRF to stabilize its Fund Balance and to bide time until previously issued pension obligation bonds were retired in FY 2022. From that point forward, the City reasoned, a significant decline in required debt service payments would allow for significant and rapid increases in General Fund Balance without any additional financial assistance from the State. The Recommended FY 2023 Budget that was recently submitted to the MARB does not direct the reduced debt service requirements to building Fund Balance. Rather, the Recommended FY 2023 Budget redirects those funds to operations resulting in minimal funding devoted to increasing fund balance. Thus, a key component of the City’s plan for amassing General Fund Balance appears to have been abandoned.

B - the short and long-term liabilities of the municipality, including, but not limited to, the municipality’s ability to meet minimum funding levels required by law, contract or court order

Findings:

• The City’s Fire (Allingtown) Pension Plan had a funded ratio of 35% as of June 30, 2020, placing it in the lowest 10% among Connecticut municipal plans according to a Hooker & Holcombe report8

• The City’s Police Pension Plan had a funded ratio close to 90% as a result of previously issued pension obligation bonds, however, ADEC requirements are projected to rise dramatically beginning in FY 2021

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• The City has not made progress in developing a coordinated pension investment policy or in acquiring pension investment advisory services, which will further constrain improvements in funded ratios.

• The City has not yet begun to pre-fund its OPEB obligations in a meaningful way. The total OPEB liability as of June 30, 2020 was more than $337 million (including General and Allingtown Fire Funds).

• Recent findings regarding lack of adequate internal controls, policies and procedures, as well as allegations of fraud, could have a detrimental effect on both short-term and long-term liabilities – These include losses from alleged fraud that will likely be absorbed by the General Fund as well as the likelihood of having to repay disallowed Covid Relief Funds to the federal government.

• The City has numerous labor contracts that are currently expired or nearing the end of their contract term – A tight labor market coupled with the modest contracts awarded in recent rounds of negotiation may create a challenging negotiating environment for the City.

• Improving the funded status of the City’s long-term liabilities will be a lengthy process requiring sustained effort and discipline in funding at responsible levels. However, the City has not fully established a track record of fully funding ADEC requirements.

Evaluation:

Debt:

The City’s long-term debt, including general obligation bonds and clean water serial notes, totaled $85.7 million as of June 30, 2020. The City issued an additional $20.545 million in general obligation bonds in September 2021 for continued financing of the high school renovation project as well as other school and City capital projects. Annual debt service requirements between FY 2019 and FY 2022 have been in the 10% to 11% range.\(^9\)

Pension:

The City administers two separate pension plans, both of which are closed plans. The Police Pension Plan covers approximately 156 members, and the Fire (Allingtown) Pension Plan covers approximately 30 members. The status of each plan, based on the most recently completed actuarial valuation is presented in the following table.

<table>
<thead>
<tr>
<th>Plan</th>
<th>Latest Actuarial Valuation</th>
<th>Actuarial Value of Assets</th>
<th>Total Accrued Liability</th>
<th>Unfunded Accrued Liability</th>
<th>Funded Ratio</th>
<th>ADEC FY 2022</th>
<th>ADEC 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>7/1/2020</td>
<td>123,710,083</td>
<td>138,498,201</td>
<td>14,788,118</td>
<td>89.3%</td>
<td>2,598,048</td>
<td>3,628,000</td>
</tr>
<tr>
<td>Fire (Allingtown)</td>
<td>7/1/2021</td>
<td>11,755,582</td>
<td>33,231,440</td>
<td>21,475,858</td>
<td>35.4%</td>
<td>2,488,867</td>
<td>2,053,411</td>
</tr>
</tbody>
</table>

The Police Pension Plan is relatively well-funded, due largely to pension obligation bonds issued by the City in 2002 (for which final payments will be made in FY 2022). While the plan’s funded ratio is nearly 90%, the most recent valuation updated mortality tables resulting in a significant increase in the

\(^9\) Preliminary Official Statement, 9/13/2021, p. 42
projected ADEC beginning in FY 2023 and carrying forward. The sharp rise in ADEC requirements for the Police Pension Plan will reduce the City’s budgetary flexibility in FY 2023 and in subsequent years.

The Fire (Allingtown) Pension Fund has a very low funded ratio at approximately 35%. Based on projections in the latest actuarial valuation, the plan will not reach a 70% funded ratio until 2031 assuming the City makes all of the projected ADEC payments. In order for the City to accelerate progress on the funded ratio, a consistent effort to fund contributions to the plan above and beyond the ADEC will be necessary for an extended period.

The City’s history in funding ADEC requirements has been inconsistent. Over the ten most recently audited fiscal years (FY 2011-FY 2020), the ADEC for Police Pension Plan has been fully funded in four of those years. During that same ten-year period, the ADEC for the Fire (Allingtown) Pension Plan was fully funded five times.

Other Post-Employment Benefits (OPEB):

The City and Allingtown Fire District currently provide health and life insurance benefits for eligible retirees and eligible spouses. These plans are funded on a pay-as-you-go basis, though in recent years the City has begun to budget modest amounts of advanced funding for OPEB. The unfunded liability for City OPEB as of June 30, 2020 was $308.13 million and for the Fire (Allingtown) OPEB was $29.47 million.

C - the initial budgeted revenue for the municipality for the past five fiscal years as compared to the actual revenue received by the municipality for such fiscal years

Findings:

- The five most recent audited fiscal years cover a period of transition which includes several years prior to MARB involvement in the budget process (FY 2016 – FY 2018) as well as two years in which the MARB had a role in review and approval of the budget (FY 2019 and FY 2020)
- Prior to MARB involvement, over-estimating certain revenues was a recurring theme, dating back more than five years
- Over-estimating of revenues can have the effect of artificially lowering the mill rate, but can result in operating deficits if sufficient revenues do not materialize
- Disciplined budgeting of revenues is essential to sustainable budgeting and to maintaining or growing reserves - However, the City has not fully established a track record of accurately projecting revenues

Evaluation:

The table on the following page compares revenues as originally budgeted to actual revenues for the last five fiscal years. The major variances in the actual revenues over this period can be attributed to the following:

Intergovernmental: The negative variances in Intergovernmental revenues for fiscal years 2016 and 2017 appear to be the result of over-estimating State Aid to municipalities (including Excess Cost Sharing and LoCIP). The variance in FY 2018 was the result of improperly budgeting for Special Education Excess Cost Sharing ($8.5 million). More accurate budgeting for Intergovernmental sources is reflected in the FY 2019 and FY 2020 figures developed under MARB oversight.
Charges for Services: The negative variances in FY 2016 and FY 2017 appear to be the result of over-estimating building and related permits. The negative variance in FY 2020 was a result of shortfalls in building and related permits and recreation fees due to the sudden impacts of the Covid pandemic.

Other Financing Sources: The large variance in Other Financing Sources in FY 2019 reflects the City’s issuance of $17 million of deficit bonds. Positive variances in FY 2017 and FY 2019 both relate to sales of City assets.

Municipal Restructuring Funds (MRF): The City was referred to the MARB for oversight well after the FY 2018 budget was adopted. The MRF received in FY 2018 were unbudgeted revenues distributed to the City to minimize that fiscal year deficit. The negative variances in FY 2019 and FY 2020 represent the amounts of MRF withheld from the City in each of those years.
## Item C
### Initial Budgeted Revenue vs. Actual Revenue
#### FY 2016 – FY 2020

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<td>Property Taxes</td>
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<td>$90,455,343</td>
<td>$720,395</td>
<td>$620,395</td>
<td>$93,818,902</td>
<td>$94,300,417</td>
<td>$936,382</td>
<td>$620,395</td>
<td>$97,580,080</td>
<td>$97,509,642</td>
<td>($70,438)</td>
<td>$936,382</td>
<td>$99,786,712</td>
<td>$99,858,280</td>
<td>($71,568)</td>
<td>$936,382</td>
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<td>Municipal Restructuring Funds (MRF)</td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$8,000,000</td>
<td>$8,000,000</td>
<td>$8,000,000</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
<td>($3,000,000)</td>
<td>$5,000,000</td>
<td>$4,115,000</td>
<td>$3,115,000</td>
<td>($1,000,000)</td>
<td>$5,000,000</td>
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<td>Charges for Services</td>
<td>$4,807,612</td>
<td>$3,589,044</td>
<td>($1,218,568)</td>
<td>($1,218,568)</td>
<td>$4,393,620</td>
<td>$3,586,549</td>
<td>($807,071)</td>
<td>($807,071)</td>
<td>$3,812,561</td>
<td>$4,459,358</td>
<td>($644,806)</td>
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<td>$4,044,139</td>
<td>$4,458,444</td>
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<td>Contributions</td>
<td>$411,127</td>
<td>$413,060</td>
<td>$1,933</td>
<td>$1,933</td>
<td>$411,127</td>
<td>$422,652</td>
<td>$11,525</td>
<td>$11,525</td>
<td>$413,060</td>
<td>$427,290</td>
<td>$14,230</td>
<td>$14,230</td>
<td>$422,651</td>
<td>$437,317</td>
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<td>Income from Investments</td>
<td>$5,000</td>
<td>$3,946</td>
<td>($1,054)</td>
<td>($1,054)</td>
<td>$5,000</td>
<td>$7,199</td>
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<td>$5,000</td>
<td>$193,375</td>
<td>$188,375</td>
<td>$188,375</td>
<td>$70,000</td>
<td>$348,190</td>
<td>($278,190)</td>
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<td>Other</td>
<td>$200,000</td>
<td>$630,723</td>
<td>$430,723</td>
<td>($430,723)</td>
<td>$200,000</td>
<td>$198,803</td>
<td>($1,197)</td>
<td>($1,197)</td>
<td>$215,000</td>
<td>$138,275</td>
<td>($76,725)</td>
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<td>Total Revenues</td>
<td>$151,873,943</td>
<td>$150,549,901</td>
<td>($1,324,042)</td>
<td>($1,324,042)</td>
<td>$155,983,129</td>
<td>$152,957,908</td>
<td>($3,025,221)</td>
<td>($3,025,221)</td>
<td>$161,398,424</td>
<td>$161,650,034</td>
<td>($251,610)</td>
<td>($251,610)</td>
<td>$163,039,501</td>
<td>$160,955,470</td>
<td>($2,084,031)</td>
<td>($2,084,031)</td>
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<td>Other Financing Sources</td>
<td>$1,618,013</td>
<td>$1,655,231</td>
<td>$37,218</td>
<td>$37,218</td>
<td>$1,598,013</td>
<td>$2,105,315</td>
<td>$507,302</td>
<td>$507,302</td>
<td>$1,371,416</td>
<td>$18,678,542</td>
<td>$17,307,126</td>
<td>$17,307,126</td>
<td>$1,263,700</td>
<td>$2,008,541</td>
<td>$744,841</td>
<td>$744,841</td>
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<tr>
<td>Total Revenues &amp; Other Financing Sources</td>
<td>$153,491,956</td>
<td>$152,205,132</td>
<td>($1,286,824)</td>
<td>($1,286,824)</td>
<td>$157,581,142</td>
<td>$155,063,232</td>
<td>($2,517,919)</td>
<td>($2,517,919)</td>
<td>$162,769,840</td>
<td>$180,328,576</td>
<td>$17,558,736</td>
<td>$17,558,736</td>
<td>$164,303,201</td>
<td>$162,964,011</td>
<td>($630,806)</td>
<td>($630,806)</td>
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</tr>
</tbody>
</table>

Sources: FY 2018-FY 2020, Annual Financial Reports, RSI-1, Schedule of General Fund Revenues and Other Financing Sources Budget and Actual - Budgetary Basis
FY 2016-FY 2017, Supplemental Schedule 1, General Fund Schedule of Revenues and Other Financing Sources - Budget and Actual
D - budget projections for the following three fiscal years

Findings:

- The City’s most recent 3-year budget projections are reflected in the previously approved 5-Year Plan for FY 2022 – FY 2026

- An updated 5-Year Plan for the period FY 2023 – FY 2027 has not been submitted to the MARB yet. However, the City has submitted the Recommended FY 2023 Budget which would be the first year of an updated 5-Year Plan

- The Recommended FY 2023 Budget redirects funds that would have been set aside as Fund Balance reserves toward significantly increasing operating expenditures (by more than 10%) – This represents a major change in direction of the City’s multi-year planning, as the building of reserves was one of the single most important objectives of the approved 5-Year Plans.

- This deviation from the previously approved 5-Year Plans will:
  - Impede the City’s ability to accumulate Fund Balance as planned
  - Impede the City’s ability to address other financial demands, including the funding of long-term liabilities
  - Limit the City’s budgetary flexibility in subsequent years

- Prior reluctance on the part of the Mayor and City Council to adjust the mill rates in alignment with approved 5-Year Plans may jeopardize mill rate increases built into the current 5-Year Plan (for both the General Fund and Fire Fund)\(^\text{10}\)

Evaluation:

Soon after its referral to the MARB as a Tier III municipality, the City was required by the board to prepare a 5-Year Financial Plan as a condition for receiving Municipal Restructuring Funds. Annual updates to the Plan have also been required as a condition of MRF payments. Since the original 5-Year Plan was approved for the period FY 2019 – FY 2023, the City has developed three updates to the Plan for the periods FY 2020 – FY 2024, FY 2021 – FY 2025, and FY 2022 – FY 2026.

As noted in the discussion under item A, a key component of the 5-Year Plan has been a planned escalation in projected surpluses beginning in FY 2023 coinciding with the retirement of previously issued pension obligation bonds. Each version of the 5-Year Plan has projected an increase of at least $4.0 million to General Fund Balance in FY 2023 (driven largely by the retirement of pension obligation bonds by the end of FY 2022).

A proposed updated Plan for the period commencing July 1, 2023 has not yet been submitted to the MARB. However, the City’s Recommended FY 2023 Budget, which would constitute the first year of the updated Plan, was submitted for MARB review on March 18, 2022. The Recommended FY 2023 Budget proposes no significant addition to Fund Balance. Based on the budget as proposed, the funds which previously would have been directed to increasing Fund Balance appear to be spread across

\(^{10}\) For example the FY 2020 recommended budget which deviated significantly from the approved 5-Year Plan.
departmental operating expenses. The table below illustrates the deviation from the most recently updated 5-Year Plan with regard to bolstering Fund Balance.

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Based on 5-Year Plan FY22–FY26</th>
<th>Recommended FY23 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 2022</td>
<td>FY 2023</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$165,542,701</td>
<td>$165,259,603</td>
</tr>
<tr>
<td>Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Operations</td>
<td>$56,193,334</td>
<td>$57,820,392</td>
</tr>
<tr>
<td>Board of Education</td>
<td>$89,960,421</td>
<td>$90,320,262</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$17,900,579</td>
<td>$12,432,968</td>
</tr>
<tr>
<td>Contingency/Other Expenses</td>
<td>$1,188,367</td>
<td>$737,442</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$165,242,701</td>
<td>$161,311,064</td>
</tr>
<tr>
<td>Projected Surplus/(Deficit)</td>
<td>$300,000</td>
<td>$3,948,539</td>
</tr>
</tbody>
</table>

As can be seen in the table, the proposed FY 2023 Budget does not use the decline in debt service requirements to maximize surplus which would add to Fund Balance. Rather, the reduction in debt service is more than offset by increased spending on City Operations, which rises by more than 10%. This deviation from the 5-Year Plan has obvious implications for subsequent fiscal years. By building the debt service windfall into recurring expenses (City Operations) in what will be the baseline year of the 5-Year Plan, the City limits its flexibility in future years and constrains its ability to build Fund Balance beyond FY 2023.

Other aspects of the City’s multi-year plan are also undermined by the Recommended FY 2023 Budget:

- **Flexibility:** As noted above, significant increases in recurring expenses limits flexibility. Planned contributions to Fund Balance can be modified as needed when circumstances change unexpectedly. Sudden adjustments to operating expenses are far more difficult and can be detrimental to public services.

- **Capital Investments:** A portion of the budgetary capacity that was created by the retirement of pension obligation bonds would have allowed for some additional borrowing to support the City’s capital improvement plan. By absorbing that capacity into operating expenses, less is available for capital investments.

- **OPEB Funding:** The 5-Year Plan projected gradual increases in OPEB funding. Opportunities to make significant strides in this area will be hindered by the increase in baseline operating expenses.

- **Police Pension Funding:** The 5-Year Plan was based on long-term projected ADEC requirements included in the July 1, 2018 valuation. Preliminary projections from a July 1, 2020 valuation indicate significantly higher funding requirements beginning in FY 2023. The FY 2023 Recommended Budget includes $3.6 million as the contribution to the Police Pension fund. This exceeds the FY 2023 amount projected in the current 5-Year Plan by more than $1 million.

Allegations of fraud and the apparent mismanagement of Covid Relieve Funds may also have an impact on the revenue portion of the City’s 5-Year Plan. Even with the relatively modest spending increases envisioned in previously approved Plans, mill rate increases were built into most years for both the General Fund and Fire Fund. With the baseline elevated considerably in the FY 2023 budget, more sizeable mill rate increases may be required in subsequent years.
**E - The economic outlook for the municipality**

Findings:

- In the short-term, the City will face inflationary pressures, including rising energy costs as well as potential impact on labor costs (which are not reflected in the City’s most recently approved 5-Year Plan)
- The City’s wealth and tax base indicators lag behind the region and the state

Evaluation:

The following table provides select economic indicators for the City of West Haven and the State.

<table>
<thead>
<tr>
<th>Metric</th>
<th>City</th>
<th>Statewide</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 Per Capita Income</td>
<td>$30,103</td>
<td>$45,668</td>
<td>U.S. Census</td>
</tr>
<tr>
<td>2020 Median Household Income</td>
<td>$64,255</td>
<td>$79,855</td>
<td>U.S. Census</td>
</tr>
<tr>
<td>2020 Median Home Value</td>
<td>$196,800</td>
<td>$279,700</td>
<td>U.S. Census</td>
</tr>
<tr>
<td>2021 Unemployment Rate</td>
<td>6.7%</td>
<td>6.3%</td>
<td>CT Dept. of Labor</td>
</tr>
<tr>
<td>2020 Equalized Mill Rate</td>
<td>22.49</td>
<td>19.90</td>
<td>OPM Data</td>
</tr>
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</table>

The credit analysis issued by Standard & Poor’s in conjunction with the City’s September 2021 bond issue described the West Haven economy as adequate, noting some positive factors such as planned development projects and the City’s position in the greater New Haven market, while also citing residents’ relatively low purchasing power and a higher than average unemployment rate.

Since the release of the Standard & Poor’s analysis, inflation has accelerated sharply and will potentially have a negative impact on the City’s economic outlook.11

**F - the municipality’s access to capital markets**

Findings:

While the City’s fiscal condition may not restrict its access to capital markets, conditions described in the CohnReznick report and prior year audit findings, the potential for a restatement of financials and delays in completing financial statements are all factors that could affect the cost of borrowing for the City.

Evaluation:

In addition to fiscal conditions (such as level of reserves), debt and long-term liabilities, and economic conditions, agencies that rate municipal credit take financial management and administration into consideration. Factors that could negatively affect the scoring related to municipal financial management by rating agencies include:

11 U.S. Bureau of Labor Statistics data shows the year-over-year rate of inflation as of September 2021 at 5.4%. As of February 2022, the year-over-year rate is 7.9%. [https://www.bls.gov/cpi/tables/supplemental-files/home.htm](https://www.bls.gov/cpi/tables/supplemental-files/home.htm)
• Financial planning and budget management that is unusually weak in ways not reflected in the recent financial trend, existing cash reserve and fund balance\textsuperscript{12}

• Absence of independently verifiable financial information

• Management teams that lack the relevant skills to adequately plan, monitor, and manage the government's finances\textsuperscript{13}

• Restated financial statements\textsuperscript{13}

\section*{III. Recommendation}

The MARB notes that historically, there have been systemic deficiencies that have prevented the City from achieving long-term financial stability. While the City's balance sheet has recovered from a deficit position to a positive reserve level, ensuring that these improvements are sustained requires systemic and cultural changes to the way the City manages its financial operations. The City’s record demonstrates that implementing systemic change will require a greater degree of intervention by the State.

Therefore, based on the findings for items A – F described above, the MARB recommends that the City of West Haven be designated a Tier IV municipality.\textsuperscript{14}

The MARB recognizes that a Tier IV designation will not guarantee that systemic and cultural change is achieved. There are limits to the additional authority provided by a Tier IV designation. However, Tier IV does provide the MARB with additional oversight tools, notably the ability to hire a Financial Manager. With good faith cooperation from the City’s leadership, Tier IV oversight can help the City implement the cultural changes and financial infrastructure development that previous oversight boards have been unable to enforce.

\textsuperscript{12} Moody’s: U.S. Public Finance, General Obligation Bonds Issued by U.S. Local Governments, October 2009
\textsuperscript{13} Standard & Poor’s Ratings Direct: U.S. Local Governments General Obligation Ratings: Methodology And Assumptions, 9/12/2013
\textsuperscript{14} See Attachment C: Procedures for Designation of Tier III Municipality to Tier IV
Attachment A: Select Examples of City Resistance to Implementing Change

1. FY 2020 Mill Rates: Adoption of the FY 2020 budget was delayed as City Council resisted adopting mill rates consistent with the approved 5-Year Plan.

2. FY 2021 Staffing: A Benefits Coordinator position funded in the FY 2021 budget at the MARB’s urging based on a Human Resources consultant report was subsequently diluted and filled as a combined Payroll/Benefits Coordinator position. The City is now creating a separate Payroll position in order to allow the Benefits Coordinator to fulfill the original intent of the position.

3. December 2021 Procurement Staffing Proposal: City Council neglected to take action on a much-needed plan for procurement staffing, including the creation of a Purchasing Director position.

4. FY 2021 Staffing: Funding for a Procurement Manager included in the FY 2021 budget at the MARB’s urging was cut in half by City Council forcing a 6-month delay in hiring. In October 2020, the MARB Subcommittee advises the City to accelerate hiring of the position due to purchasing related audit findings. The position was eventually filled in January 2021 by an internal candidate with no procurement experience. The individual was immediately pulled to work on an unrelated project for approximately four months. Within weeks of being assigned to the original purpose of the position, the employee was pulled again to backfill for a vacancy in the Accounts Payable Analyst position (see #6). Shortly thereafter, the employee was placed on administrative leave and ultimately left the organization.

5. Ongoing: A recurring theme described by City staff when reporting on progress regarding the development and implementation of policies and procedures has been push-back from departments. On multiple occasions, City staff described widespread non-compliance with the limited policies and procedures in place regarding contracting, vendor selection, payment processing, and other processes. While City leadership repeatedly professed a commitment to enforcing compliance with policies and procedures, push-back against compliance from departments persists.

6. Accounts Payable Analyst: In February 2021, the prior Accounts Payable Analyst announced retirement effective June 30, 2021. The position was funded in the FY 2022 budget enabling the City to post the position and begin recruitment to fill the position effective July 1, 2021. Numerous delays in posting the position resulted in the position remaining vacant for a excessive length of time. The position was ultimately filled in November 2021.

7. Human Resources (Personnel) Department Plan: HR Consulting Group issued a report in November 2019 with 19 recommendations for organizational restructuring of the Personnel Department and for correcting deficiencies in personnel and payroll related processes and documentation. A comprehensive corrective action plan was not prepared and submitted for review until February 2022.
8. Inconsistent Compliance with Non-Labor Contract Requirement: As a Tier III municipality, the MARB has required the City of West Haven to provide non-labor contracts in excess of $50,000 to the board for review and comment prior to execution. Numerous instances of non-compliance with this requirement have been found.

9. Disclosure Forms: As noted in the CohnReznick report, the City Charter requires disclosure by all City officials of any financial interest in any entity that conducts business with the City. The report identified cases of incomplete or missing disclosure forms.
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<tr>
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<tbody>
<tr>
<td>Fund Balance</td>
<td>37,267</td>
<td>(6,355,959)</td>
<td>(17,038,039)</td>
<td>4,451,334</td>
<td>6,370,397</td>
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<tbody>
<tr>
<td>Fund Balance</td>
<td>9,668,152</td>
<td>10,912,576</td>
<td>11,035,493</td>
<td>10,619,234</td>
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<td>12,446,782</td>
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<th>2002</th>
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<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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<tr>
<td>Fund Balance</td>
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<td>8,183,094</td>
<td>9,512,921</td>
<td>(3,611,765)</td>
<td>(9,786,491)</td>
<td>(7,258,423)</td>
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<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tr>
<td>Fund Balance</td>
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<td>(4,834,577)</td>
<td>(10,739,978)</td>
<td>(10,551,230)</td>
<td>(10,536,666)</td>
<td>(7,776,649)</td>
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<tbody>
<tr>
<td>Fund Balance</td>
<td>(8,493,995)</td>
<td>(10,197,097)</td>
<td>(16,736,064)</td>
<td>(18,138,674)</td>
<td>(1,408,027)</td>
<td>1,358,918</td>
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<table>
<thead>
<tr>
<th>Fiscal Year End</th>
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</thead>
<tbody>
<tr>
<td>Fund Balance</td>
<td>3,575,671</td>
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**Public Act 92-5 (approved April 3, 1992):**

Public Act 92-5 created an oversight board consisting of the OPM Secretary, State Treasurer, 4 gubernatorial appointees and the Mayor of West Haven. The Board was established to assist the City with financing of an accumulated deficit of $18.9 million and the issuance of $8.9 million in capital project bonds. The City developed a three-year financial plan approved by the Board in April 1993 and subsequently updated in 1995. After acceptance of the 1995 update, the Board dissolved pursuant to the requirements of PA 92-5. Section 12 of the Act provided that the Board "shall remain in existence and exercise the powers, duties and functions granted to it by this act only until such time as the operating funds of the city shall have been in balance for two consecutive fiscal years...and the city projects, and the board approves, positive operating fund balances for the three succeeding consecutive fiscal years."
Attachment C
Procedures for Designation of Tier III Municipality to Tier IV (Ref. C.G.S. Section 7-576e)

I. Initiated by Municipality
A. Chief elected official of municipality, or municipality’s legislative body (by majority vote), applies to Secretary
   *Note: opportunity for local legislative body to act on chief elected official’s request to Secretary (30-day notice period)
B. Secretary may approve or disapprove

II. Initiated by MARB
A. MARB makes a finding that fiscal condition of municipality warrants designation at Tier IV
   - Finding is to be based upon an evaluation of following criteria:
     o Balance in the municipal reserve fund
     o Short and long term liabilities, including ability to meet minimum funding levels required by law, contract or court order
     o Budgeted revenues over past 5 years compared to actual revenues received
     o 3-year budget projections
     o Economic outlook for the municipality
     o Access to capital markets
   - For the purposes of making this finding, MARB membership is amended to include*:
     o Chief elected official of municipality (voting)
     o Member of municipality’s legislative body as selected by such body (voting)
     o Treasurer of municipality (non-voting)
B. MARB submits findings and recommendation to Secretary of OPM.
C. 30-day notice and public comment period
D. Secretary submits MARB findings and comments from 30-day period to Governor
E. Governor approves or disapproves designation
F. If designated Tier IV, membership amended to provide for following ex-officio, nonvoting members:**
   - Chief elected official or designee
   - Member of municipality’s legislative body (as selected by legislative body’s majority vote) or designee
   - Treasurer or official responsible for issuance of bonds
   - Minority party member of municipality’s legislative body (as selected by minority party’s members)

* Only for the purpose of determining whether to make a finding
** Only serve for the purposes of the Tier IV municipality they represent
Connecticut General Statute Sections:


(a)(1) The chief elected official of a tier III municipality or the legislative body of such municipality, by a majority vote, may apply to the secretary to request designation as a tier IV municipality. The secretary may approve the request if the secretary determines that such designation is necessary to ensure the fiscal sustainability of the municipality and is in the best interests of the state. Prior to submission of any such request by the chief elected official, such official shall provide notice of intent to apply for such designation to the legislative body of such municipality. Such legislative body shall have thirty days from receipt of such notice to approve or reject the chief elected official's decision to submit such a request. If such legislative body does not approve or reject such decision to seek such designation during such thirty-day period, the chief elected official's decision to submit such request shall be deemed approved by such legislative body.

(2) The Municipal Accountability Review Board may designate a tier III municipality as a tier IV municipality based on a finding by the board that the fiscal condition of such municipality warrants such a designation based upon an evaluation of the following criteria: (A) The balance in the municipal reserve fund; (B) the short and long-term liabilities of the municipality, including, but not limited to, the municipality's ability to meet minimum funding levels required by law, contract or court order; (C) the initial budgeted revenue for the municipality for the past five fiscal years as compared to the actual revenue received by the municipality for such fiscal years; (D) budget projections for the following three fiscal years; (E) the economic outlook for the municipality; and (F) the municipality's access to capital markets. For the purpose of determining whether to make a finding pursuant to this subdivision, the membership of the board shall additionally include the chief elected official of such municipality, the treasurer of such municipality and a member of the legislative body of such municipality, as selected by such body. In conducting a vote on any such determination, the treasurer of such municipality shall be a non-voting member of the board. The board shall submit such finding and recommended designation to the secretary, who shall provide for a thirty-day notice and public comment period related to such finding and recommendation. Following the public notice and comment period, the secretary shall forward the board's finding and recommended designation and a report regarding the comments received in this regard to the Governor. Following the receipt of such documentation from the secretary, the Governor may approve or disapprove the board's recommended designation.
Report Regarding Public Comment
Report Regarding Public Comment Received
Regarding the Recommendation to Designate the City of West Haven as a Tier IV Municipality

In accordance with C.G.S. Section 7-576e(a)(2), the Office of Policy and Management provided for a 30-day notice and public comment period related to a finding by the Municipal Accountability Review Board (MARB) that the fiscal condition of the City of West Haven warrants designation of the City as a Tier IV municipality and recommendation by the MARB to designate the City as a Tier IV municipality.

During the public comment period, OPM received comments from 32 members of the public. Of those, eighteen (18) supported the recommendation to designate the City as a Tier IV municipality. Three (3) of the comments were opposed to the recommendation. The remaining eleven (11) comments did not clearly express a position regarding a Tier IV designation.

Frustration with the City governance is a theme that runs through all of the comments, including the eleven that did not explicitly express a position on Tier IV designation. Many of the commenters expressed a desire for restitution of misappropriated or stolen funds and for those responsible to be held accountable. In some instances, commenters suggested alternative measures to address governance issues in the City (ex. Charter revision; dissolution or removal of City Council and Mayor to be replaced by special elections).

In addition to the above, a letter from West Haven Mayor Rossi was received, indicating an interest in cooperating with the MARB under a Tier IV designation.

Municipal Accountability Review Board (MARB)

The Municipal Accountability Review Board (MARB) was established by Section 367 of Public Act 17-32 as a State Board. The MARB was part of the statutory provisions contained in Sections 549 to 576 of the Act for the purpose of providing technical, financial and other assistance and related accountability for municipalities experiencing various levels of fiscal distress.

Notice of 30-Day Public Comment Period

On April 14, 2022, the Municipal Accountability Review Board adopted findings that the fiscal condition of the City of West Haven warrants designation as a Tier IV municipality and to make a recommendation for such designation. The finding was based on an evaluation of the criteria in C.G.S. Section 7-576e(a) detailed in a report.

The statute provides for a 30-day public comment period. Following the public comment period, the recommendation, report of findings, and a report regarding the comments received, will be forwarded to the Governor. The Governor may approve or disapprove the board’s recommended designation.

Members of the public wishing to submit comment during the 30-day public comment period may send written comments by surface mail to:
Office of Policy and Management
200 Capitol Avenue
Hartford, CT 06106
Attention: Municipal Accountability Review Board

Or by e-mail to:
 julian.freund@ct.gov
(Please include “Public Comment Tier IV” in the subject line and include city or town of residence in comments)

(posted 4/14/22)
Public Comment Received
As a tax paying citizen and life long resident of the City of West Haven I write to express my disappointment and disillusion with Mayor Nancy Rossi and her administration. She has clearly mismanaged the city of West Haven and lost control of the finances. As much as I don’t want see West Haven move to tier 4 with MARB, I believe it’s a sad reality that is necessary to get the city back on track to fiscal responsibility and accountability.

It is unfortunate she has lost the trust of citizens in this city, and it is difficult to see how businesses looking to invest will not feel the same in the months to come.

I look forward to a brighter future for our city as a Tier IV municipality with hope that this guidance will make West Haven come out stronger in the end.

Best Regards,
Margaret Borelli
Julian,

As a resident of the city of West Haven moving the city to tier IV is long over due. The people of the town can no longer wait to get it right. This is something the mayor has been saying since day one of her administration. I know this comment is going to be odd but as much as the city has lost through out right corruption and the inability to run things efficiently the missed opportunities far out way that. The state has bent over backwards to get the Havens going and the city has done nothing to spur the development. The funds that were set aside for the raising of beach street are just sitting there with absolutely no progress in sight. Costs have gone up as we all now at least 8% this past year and at the same time the city is incurring civil service costs as these areas have become blighted and crime infested. These two projects alone if stimulated to get done will increase value and economic development that would bring added taxes to the city and a better quality of living for the residents. This is just the tip of the iceberg. Although tier IV would not directly effect this it will at least clear up the mire we have been stuck in for four years with this administration to start to get things done.

In addition to that the executive leadership has done nothing to hold accountable things that have happened under its leadership. There were numerous FOI’s requested in regards to the CRF before the mayor supposedly found the issue. There were repeated requests to ask for what was happening with the funds which she repeatedly said were being used correctly until it was clear they weren’t. The issue with the credit card and it’s use, the protocols set up with it were ripe for fraud and the mayor and her executive assistant knew about it and condoned it. They knew there was misuse and her executive assistant went before the city council to defend it. He was even given the approval to authorize payments made by checks. I am not saying he is corrupt, he may be in fact the nicest person in town but he does not clearly have the ability to function in that position and make the appropriate decisions. The mayor has shown no propensity to work with people. She consistently blames people and always justifies her actions. This has built an environment that is non collaborative as Scott Jackson has pointed out with the Cohn Reznick audit. The fact that documentation could not be provided in a timely manner is inexcusable on her part. The thing is more than likely a lot of the things turned down for approval will probably be changed and she will claim she was right but the tragedy if this were to occur is that it should have never happened in the first place and we have now wasted at least 6 months of time. This along with ruining the cities image is detrimental and costly which she as the leader of the city could have avoided.

The problem here is she duped the public. This is the same thing that happened with the marb. Listen to the minutes of the meetings time after time in each meeting saying we are working on it and nothing done. Taking comp payment that is clearly not authorized in the charter. You can go on and on. Ultimately this has been by far the worst administration we have had in West Haven and the people have been duped into trusting it. Tier IV cannot come soon enough to right the ship.

Thank you

Sent from my iPhone
EXTERNAL EMAIL: This email originated from outside of the organization. Do not click any links or open any attachments unless you trust the sender and know the content is safe.

Please do not put us under Marb. Give the new finance person time to answer your questions. All the boards need to be voted out including finance who hides checks in his drawers who cut checks and who accepted vouchers besides the mayor. Please give us a chance we can’t afford anymore. Been here since they stole Savin rock from grandparents

Thank you
Theresa Andriulli

Sent from my iPhone
Good Evening,

Concerning the current fiscal situation in the city of West Haven, I have no problem with the state coming in to assist/oversee the mayor and her staff.

Being a resident of West Haven for 23 years I want what is best for the city.

However the last thing we need is to have our taxes raised.

That was mentioned as a possible solution in the broadcast.

There has got to be other ways to resolve these issues.

Regards,

Bradford Jody Morse
Dear Governor, I have lived in West Haven for 68 years. Our city has experienced many ups and downs through those years. However this recent disgrace to our city and our tax payers is an unprecedented overwhelming disgrace. This mayor had lost all oversight of the city’s financial status. We lost well over a million dollars with her inability to govern her staff and to comply for 4 + years in following MARB’s guidelines. What makes matters worse is that she takes no responsibility. Her arrogance stands out as she denies any wrong doings and blames others. We are a broke dysfunctional city, the disgrace of our State.

Governor please do what’s right. We know that you will be re-elected, but please earn the votes from West Haveners and save us.

Arthur Penna Jr
4 Franklin Road
West Haven, Ct 06516

Sent from my iPhone
Art
To whom this concerns;

I am a resident and business owner in West Haven. I would like to comment on your findings and recommendations.

I completely agree with all of your facts and findings. I believe our city needs to be completely controlled until such time as we have a new administration and have proven that we have put all of the policies and procedures that had been suggested by MARB.

Furthermore, since the current Mayor failed to follow the MARB’s directives, leaving West Haven vulnerable to embezzlement and the misappropriation of funds to the tune of almost $2,000,000., I recommend that the MARB recommend and the governor ask for Mrs. Rossi’s resignation.

Thank you in advance for considering my opinions and statements.

Sincerely,

Lynne A. Schlosser
Realtor; ePro, CDPE, SFR, HAFA
Expert Realty Results
brokered by EXP
West Haven, CT. 06516
Serving West Haven, Milford, Orange and surrounding areas
Business cell: 203-633-0312
Personal cell: 951-662-8704
www.RealtorLynneCT.com
Hello Honorable Marb,

My name is Victor M Borras and I represent the 8th District of West Haven CT as the Councilman. I write this email to clarify a couple of things.

1st. I will say that Mitch that spoke and voted on Marb yesterday does not speak for me or my District when he said the whole Council supports Mayor Rossi. I voted a no confidence in her and I walked Mt 8th District 8 hours straight one day after the release on the audit and 3 hours straight the week after. 98 percent of the houses I visited wanted the Mayor either out or had no more confidence in her. I as the Councilman represent them and spoke up voting on the no confidence vote.

I don't respect when people lie and put me into it like Mitch did and I have to speak up, because I never told him that I supported the Mayor and that he could tell Marb that.

Finally, I hope and pray that Marb will know that there are people on the Council that believe in doing what is right and have honor to stand for justice and doing what is best for West Haven. I don't know if you will raise the Mil rate but the people been hurt enough.

Thank you Marb for caring for West Haven.

8th District Councilman
VICTOR M BORRAS
914 374 2408
I am writing to support the decision to move the City of West Haven, CT to Tier IV oversight by the State of Connecticut. West Haven has proven both in prior years, and currently under the administration of Mayor Nancy R Rossi, that it is has neither the ability nor the will to manage its own affairs.

In 2015, the City of West Haven threw its own residents under the bus when it approved the taxpayer-funded Haven South Municipal Development Plan, which approved the use of Eminent Domain to displace an entire middle-class neighborhood to make way for corporately owned chain stores. This move-one of many which have showcased the general lack of good judgment which has plagued West Haven for decades- led to widespread panic and fear in which over 50 families, small businesses and a church were forced to the negotiating table to sell their properties in what was a non-arms-length, coerced transaction. Fast forward 7 years later to 2022, the proposed footprint of the much-touted ‘Haven’ shopping center is a blight-and-rat-infested wasteland, reminiscent of the infamous Fort Trumbull neighborhood in New London, CT.

More recently, outside entities have become aware of the culture of fraud, waste, financial abuse, self-dealing, nepotism, and incompetence which has been Standard Operating Procedure in West Haven. You are already familiar with the arrest of Michael DiMassa - former Connecticut State Representative and West Haven City employee – et al. for financial malfeasance related to the outright theft of hundreds of thousands of dollars from West Haven, under the guise of ‘Covid relief payments’. In a testament to her poor judgment, Mayor Rossi had given Mr. DiMassa a virtual ‘carte blanche’ to approve and then disburse Covid relief. Instead, Mr. DiMassa enriched himself, his friends, and his relatives with a string of fraudulent payments to shell companies for work that was never performed.

In response, the State of Connecticut commissioned a Forensic Audit conducted by the CohnReznick accounting firm, whose results were delivered on April 1 2022. Out of a Covid relief budget of approximately $1.1 million, the auditors determined that almost $900,000 of those funds were misdirected to at best ineligible and misclassified, and at worst fraudulent, payments. This was over and above the over $600,000 stolen by Mr. DiMassa and his associates. And this was a limited audit that only examined a single bucket of expenditures.

At the Tier 4 level, the State of Connecticut should immediately commence an audit of ALL West Haven expenditures going back at least 5 years.

The CohnReznick report also identified an out-of-control City Hall reminiscent of the Wild West, where virtually anyone could place orders for services or products without centralized authorization. Mayor Rossi has had over 5 years to correct these insufficiencies, which were pointed out not only by the CohnReznick audit, but also by the City’s regular audit firm during its annual audits. Among the findings are a lack of financial controls, lack of separation of duties, lack of proper vetting of vendors, and payroll records kept by employees themselves on a ‘paper napkin’.

Another example of the rampant incompetence in the City of West Haven Executive Branch has to do with the maintenance of the City’s vendor file. Vendor file maintenance is a routine, relatively simple but important clerical function that is a responsibility of any corporate Accounts Payable department. Yet in West Haven, even this elementary function was mismanaged. Only a small portion of the City’s vendor file have their Tax IDs populated. This means that the City either failed to send-or the vendor failed to return-
the vendor’s Form W9. A consequence of this is that valid 1099s could not be sent to the vendors, resulting in a lack of tax reporting for the vendor and possible Federal fines to West Haven.

The City is also in violation of its Charter, including but not limited to the following sections:

1. Chapter IV Section 1 of the City Charter: “No member of the Council shall assume any other office of profit under the government of the City of West Haven”
2. Chapter VI Section 2 of the City Charter: “Before affixing his signature to any check, the Treasurer shall satisfy himself that such check represents the payment of a duly authorized obligation of the City”

The controls between City Council and City Hall also failed. City Council has said on numerous times that it requested information from City Hall (Executive Branch) but never got it. During the November 8, 2021 meeting of City Council, I pointed out during the Public Comments session the following excerpt from the City Charter:

Chapter 4 Section 9: “The City Council shall have power… to investigate any officer, department or board and shall have power to compel the attendance of witnesses and the production of data at any meeting of the City Council or any committee thereof, and to the extent allowed by law, for that purpose may issue subpoenas”.

On April 11, 2022 and only in response to public outcry in response to the CohnReznick audit, the City Council finally passed a resolution in favor of such an investigation.

The Municipal Accountability Review Board (MARB) itself has been feckless with its oversight of West Haven under Tier III. MARB has repeatedly asked for certain controls to be put into place, only to be met with non-compliance. After 5 years, neither the MARB nor West Haven has made any progress in fixing the staffing shortfalls that have contributed to this catastrophic failure of the public trust in West Haven. The Finance Department has to be completely revamped. And, as I pointed out to City Council during the March 14, 2022 City Council meeting, Public Comments session, the Information Technology department is woefully understaffed. As you may recall, the City was compromised by a ‘ransomware’ attack a few years ago, during the tenure of Mayor Rossi. Beyond that, a well-staffed and robust IT department is necessary to properly and securely manage the infrastructure of West Haven City Hall and the various remote sites such as the Public Works garage.

As stated in the “Findings and Recommendation by the Municipal Accountability Review Board Regarding a Tier IV Designation of the City of West Haven Adopted April 14, 2022”

“The unfortunate and costly consequences of failure of the City to acknowledge deficiencies and to take remedial action are documented in detail in the CohnReznick audit commissioned by the Office of Policy and Management (OPM). The findings in the CohnReznick report extend beyond the use and management of Covid Relief Funds (CRF) and have implications for financial management throughout the organization. Behind the City’s growing reserves, balanced budgets and operating surpluses, the City’s financial management infrastructure has deteriorated.”

I recommend Tier IV with some trepidation. Many West Haven residents do not have the financial resources to support a massive tax increase. And, as we have seen, Tier III oversight did not do anything to lift West Haven up. However, with the additional power given to the State to impose mandatory improvements to West Haven, I feel that a Tier IV designation will help prevent any further wheel-spinning and financial losses. West Haven is not capable of fixing itself under the administration of Mayor Rossi.

Thank You,

Patricia Bollettieri
215 West Walk
West Haven CT 06516
email: patb0505@sbcglobal.net
What West Haven needs to do in order to insure long term stability is to revisit the Charter Revision proposal of 2018-2020 and adopt it. This report if adopted would have brought about sweeping reforms of City Government in West Haven, a "restructuring" if you prefer. Our current City Charter is 62 years old and well out of date, in many cases "legally"! The proposed changes would have raised the bar dramatically in City Hall with new and documented pre established standards of management and department head qualifications along with built in over-sight when the charter was not being complied with. And by restructuring the political system it would have incorporated the checks and balances necessary in order to reduce/diminish political influences within City Hall & Board of Education operations. If Tier Four does nothing else, it must address the city's ability to hire/fire competent / incompetent city department heads without ramification. When you cannot dismiss a "bad actor" due to union or political affiliation and influence, how is anyone expected to bring about change or even manage effectively? One final thought, the City Council is equally responsible for this mess and deserves to be "called onto the carpet" by the State. They voted for and/or blocked many of the issues that brought about all of this, how they are slipping by without significant scrutiny is beyond me. The CC has the authority, thru the budget process, to add new employees to the finance department as recommended by Marb for example they didn't need the Mayor. Nancy Rossi is Mayor, not Queen, and while she is in fact responsible for all things as mayor, the City Council has it within their legislative authority to deal with a lot of this and they stood by. The DiMassa scandal would not have happened without the City Council's blessing. The "house cleaning" being called upon by many of our citizens would certainly bring about a short term" feel good" moment for many. However without a comprehensive "restructuring" of how this city operates, the net result would be a new group of leaders operating within the same old broken system, our city’s history has already taught us that lesson. Respectfully...Edward Granfield , former Charter Revision Commission chairman 2018-2020
I don't need to rehash the embarrassment that the issues in West Haven have caused so I broke down what should be done.
1. Dissolution of City Council and resignation of the Mayor followed by a special election.

2. The dismissal from City employment all those connected to the scandal or incompetent in their job performance.

3. The investigation of vendors that are joined at the hip with this current administration.

4. The immediate investigation of the The Haven fiasco and also including the Beach St road raising, the damaged outfall pipes at the beach, the Conference Center project, the funds given to the city to build a new boat ramp and the purchase of a new Pierce ladder truck by the then fire chief now City Council chairman without going through the bid process.

5. The return of all monies paid to employees from Covid funds etc

Thank you
Rich De Leo
49 Island Lane
West Haven Ct

Sent from my iPhone
I am a lifelong resident of West Haven CT. The city of West Haven has been corrupt & mismanaged for many years. The different “factions” of cronies have taken turns of power forever. Another problem is the city is saturated with multi family low income housing. The reason I state this is because of the very low voter turn out rate. If residents don’t care about the property they live in they certainly don’t care about who is running the city. The democratic factions get all of their voter base on board & whoever is more powerful at the time their people get elected whether they are qualified or not!!

I know the state taking over city will uncover more corruption than already has been found. I just read the city has filed an injunction to stop the state takeover. All the rats are scrambling now!!

Please put the necessary thieves behind bars to send a msg for future politicians.

DO NOT PUNISH THE HARD WORKING LOWER/MIDDLE CLASS PROPERTY OWNERS THAT HAD NOTHING TO DO WITH THIS CORRUPTION BY RAISING TAXES. WE ARE ALREADY AT OUR BREAKING POINT!!

Thank you

Paul Mulligan
33 Flaum Dr
West Haven, CT 06516

Sent from my iPhone
EXTERNAL EMAIL: This email originated from outside of the organization. Do not click any links or open any attachments unless you trust the sender and know the content is safe.

FYI, her arrogance is partly what led to her ignoring MARB for the past 4 years. See below Link, she doesn’t care it’s always been about her.

https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fpatch.com%2Fconnecticut%2Fwesthaven%2Fi-will-not-be-resigning-west-haven-mayor-tells-wtnh&data=04%7C01%7Cjulian.freund%40ct.gov%7C55cb048d881843e7037f08daled2be6e%7C118b7faa3dd48b9b02631ff69bb738b%7C0%7C0%7C0%7C637856187744717482%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000&sdata=UVliPipmA8VoCj7%2FwlMcGnw3f3Ht7fOAfE6L.OrgSkxU%3D&reserved=0

Sent from my iPhone
Art
Good evening,

I'm writing in regards to the recent MARB recommendation to elevate West Haven to a Tier IV municipality. As a 5th year PhD candidate studying political science and with many friends that study state and local politics, I view this recommendation as unfortunate but necessary given the recent developments with the city finances. To be entirely blunt, I find it disgraceful and embarrassing that someone who rode in on a high horse of cleaning up the city's finances and claimed credibility and expertise to do so as a CPA somehow managed to have hundreds of thousands of dollars of money misappropriated— and, even worse, stolen— right from under her administration's nose. The mayor not be the only one at fault, but the entire administration that she's built is complicit in the problem, as are the procedures in place that allowed this mismanagement to occur. In a city as large as West Haven, it's one thing to have something small slip under the radar somewhere at some point in time. But the sheer magnitude and severity of this incident at minimum suggests things like this aren't minor mistakes but the product of years of massive structural failures of our city's oversight procedures and government— from the mayor at the top to the city council at the bottom. I am so proud of the city that I'm from and have lived in my entire life through graduate school, but the recent developments have been so incredibly embarrassing and unfortunate that it's hard not to feel ashamed of the people and procedures currently in place that have allowed this mismanagement to happen. When in such a politically polarized time the entire city council——most of whom are from the mayor's own political party——expresses no confidence in the mayor, it's difficult not to see how the current mismanagement doesn't have large downstream consequences for the city for years to come.

Moreover, it's hard not to see how the administration's attempts to downplay the situation are anything short of gaslighting and stonethrowing to punt blame to literally anyone else and continue to pretend that things aren't so bad. When the city's fiscal prospects improved due to MARB's oversight, the administration attempted to claim credit insight that it (and the mayor specifically) was responsible for producing a "surplus." When the FBI got involved when hundreds of thousands of dollars were stolen from city coffers, the administration claimed credit for finding the mistake (even as others pointed out that something was amiss for months). Yet, now that things have gone awry and the full scale of the city's financial mismanagement has become apparent, everyone else is somehow at fault——from preceding administrations to the people that stole the money even as we saw a total lack of oversight from the city. I ask anyone involved in the final decision to adjust the city's MARB status: if you're someone like me——a young professional with an advanced degree looking to settle and start a family——is this the place you're going to want to settle with the current people representing the city and fiscal procedures in place? If you're a business looking to invest, is this the spot you're going to open up shop knowing the people you're working with have a history of incompetence and the a history of mismanagement? I'm ashamed that this is what my city's government has come to. There's obviously only so much that MARB can do to address and help remedy the situation. But extreme times call for extreme measures. I truly wish that this conversation surrounding Tier IV didn't need to happen, but I do hope that Tier IV administration can work to reign in the
widespread mismanagement and lack of oversight that has led the city so far astray. I want nothing but the best for the people of my home city, and I hope the people here can come out together stronger and more resilient than before with brighter days ahead once concrete, actionable steps are taken to address the situation and levers of power put in place to ensure that real, consequential changes happen.

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Gabriel Borelli
Politics PhD Candidate
Princeton University
I am a long time resident of West Haven, and I am a little confused as to how a city who was already under state control (MARB) could have gotten away with this. I do not feel as a resident I should suffer, because the city is hiring unqualified thieves. If the city goes into tier 4, the taxes would go up. That is wrong! Why should I suffer? Why should the residents suffer? The office that hired these individuals should be charged and leave the citizens alone. It is bad enough that the taxes are high and we see nothing from it, pot holes and badly shoveled streets in winter. I just hope there is a more equitable way to solve this problem than to attack my wallet, at a time where everything is high. Please fund a more equitable solution.

Thanks.
Concerned citizen.
RE: Public Opinions: Greetings. I would like to weigh in on the current Mayor, Nancy Rossi. Here are things I would like to see happen after the disgraceful mess this lady has made of our town and its public funding that has been so badly mis-appropriated.

First and foremost, this lady does not deserve the raise she is giving herself.

Her pay should be attached for the monies she owes the people of West Haven. She touted herself as a CPA so she knows better, but then again, her son was charged with the same crime in a different venue.

The huge amounts of money Ms Rossi gave staff as bonuses should be re-paid. It should not be in her realm to give thousands of dollars (20,000 I believe) to favored staff members.

Ms Rossi should be held criminally accountable for the inappropriate disbursement of funds, or at the very least, made to make restitution. She was the Captain of the ship, no excuses!

Sincerely,

Elizabeth Fox
842 Ocean Ave
West Haven, Ct
To whom it may concern.

As a retiree on a fixed income, financially due to inflation and cost of living it has been very difficult getting by.

   WH high tax rate as a homeowner has been tight paying bills and taxes.
   I and many of my neighbors feel the same way please hold off and give the mayor, and staff a chance to rectify the issues.
   We cannot afford a possible tax increase if MARB takes over.

We feel we would be punished as taxpayers, due to the covid theft if anything I would love to see a rebate to WH taxpayers.

   I totally agree the funds were mismanaged and stolen and should have been used for covid related scenarios. In closing we are against tier IV.

Thanks for your cooperation in this matter

Peter and Kathy Lombardozzi
I understand that we need to go into a tier IV to get our city back on track and hopefully find a Mayor and Council members who can run our city the way it needs to be run. I truly hope that this does not punish the tax payers by the MARB increasing the mill rate there are many citizens including myself that will not be able to afford a large increase to the mill rate as we are on a fix income. I have lived in this city all my life for 68 years and would like to continue doing so please find other way to but us on track and don’t increase the mill rate and kick us out of our city. Thank you.

Sent from my iPhone
Dear MARB Board Members,

My family has lived in West Haven since 1953 so, I believe, this allows me a fairly clear picture of the current situation in this city.

We absolutely feel that the MARB take over all the economic issues of West Haven. We also realize that when Nancy Rossi began her term as mayor, West Haven had serious financial problems. However, her stewardship of the city has been horrible and she should absolutely resign. That being said, the increase of a mill rate in taxes if MARB takes over is a hard pill to swallow for a city that is presently heavily taxed.

That fact that West Haven, a city of only 10.75 square land miles has three fire districts with four fire stations is another issue the state should review. The Department of Economic & Community Development should also intercede with the ridiculous Haven Waterfront Project that has created more blight in West Haven. This project has been terribly mismanaged from the beginning.

Thank you for allowing the citizens of West Haven, a city with so much squandered potential, a platform for voicing their concerns.

Sincerely,
Carol and Andrew Morytko
109 Honor Road
West Haven, CT 06516
Good morning,

My name is Dabar Ratupenu and I am emailing you to convey my agreement of the Tier IV designation for the City of West Haven. There are numerous reasons to agree with this designation, but one that solidifies the "WHY" is the fact we are tired of being disappointed by this administration.

With Tier IV designation, I do believe that all labor contracts would be revisited and negotiated with better terms that not only favors the city of West Haven but the taxpayers as a whole. With this potential new agreement, we'd then see more qualified individuals holding the position based on merit and not based on friendship of whoever is seated on the 3rd floor of the City Hall.

The taxpayers of West Haven may have heard a speculation of a supplemental tax bill that'd come or a significant increase in a mill rate if the designation of Tier IV were to be approved by the governor in order to pay off the misused and stolen CRF fund, but please I beg MARB and OPM to hold those individuals named in the audit accountable so WE the taxpayers do not have to suffer the consequences of their wrongdoing. You can first ask them to pay back the money that they inappropriately received and make the person(s) who authorized such payments to face the most appropriate consequences of their deeds.

Best,

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Dabar Ratupenu
dabarrat@gmail.com
203-233-1789
Dear Mr. Freund,

I am writing to you today to comment on the Municipal Accountability Review Board's findings that warrant the designation of the City of West Haven as a Tier IV municipality.

I feel that this decision is long past due. I have been a West Haven resident for over 15 years and a homeowner in the city for nearly 8 years. The complete and total fiscal mismanagement of the city has been going on since before I lived here and has only been perpetuated by each subsequent administration. This continued downward spiral must be stopped.

Additionally, I believe the MARB taking control of the city's finances will be a way to continue to flush out the devious and corrupt behavior that is taking place within the mayor's office and city council. While some of this has become public in recent months, it is known amongst many in the town that these public findings are just a small part of what is really going on. Having a third party that can review all of the city's accounting and understand exactly where all of the money is going and how it's getting there will help to clean up this corruption and set our city onto a better path for the future.

This city is in dire need of real, uncorrupted leadership and any steps that can be taken from outside of the city management would be a welcome move in the right direction.

Thank you for your time.

Sincerely,

Dominic Contessa Jr.
43 Aircraft Rd.
West Haven, CT
203-804-6113
Governor Lamont & Members of the Municipal Accountability Review Board (MARB)

As a lifelong resident of the city of West Haven for the past 66 years, my husband and I strongly support the decision MARB has made to implement Tier IV oversight for the City of West Haven. The financial mismanagement, corruption and theft has been brewing for decades and it’s time to build a new city from the top down! We strongly support a city wide audit of all departments.

West Haven has a lot of wonderful opportunities that are not utilized due to decades of lack of leadership and mismanagement. The city desperately needs charter revision. We need a highly qualified City Manager as well as professional Department Heads that will hold city employees accountable. By placing the city in Tier IV status we see this as a huge opportunity for change. It’s unfortunate but we no longer trust the present form of government!

My husband and I pay excessive property taxes due to our location. We are both retired and pay our taxes on time. We feel our hard earned money is not being spent wisely nor is the city being fiscally responsible and prudent. Just walking and driving around the city one can see this with their own eyes. Its embarrassing at times, we are ashamed to call this city our home. West Haven is also an embarrassment to the State of Connecticut as the state has invested millions of dollars in our city with nothing to show. State government does not operate this way nor should the city of West Haven.

We hope that you will agree with MARB’s recommendation and approve the Tier IV status for the City of West Haven. Governor Lamont, with your support we can turn lemons into lemonade!

Thank you for all that you do.
Respectfully submitted,

John & Elizabeth Torre Smialowski
776 Ocean Avenue
West Haven, CT

Sent from Yahoo Mail for iPhone
Hi my name is Richard Deso 200 Oak St. Apt 111 west haven ct 06516, I really believe Marb should take over our city finances do to no one on this Administration should be trusted, Mayor Rossi, and Mike Last should not be aloud to be on this board as-well, our city has gone down so bad, all this money they spent with the least economic growth in the last 4 years, I urged you all to take a tour of our city, see how our roads are, our boardwalk, how dirty our city is, look at our businesses look and that they are struggling, all this money came in to the city and this administration just gave it to their own people and not who really deserves it. I live at Surfside apts and as many other housing units around the city, the mayors office should help everyone and anyone in this town, they cut down trees and not plant new ones, also veterans are homeless aswell as other people, instead of selling our city buildings to people that are only going to grow lettuce for $170 like they are at styles school we should have a building to help west havens homeless, also we need to get this haven project moving faster so our economy can grow, get and give this developer a time frame, lastly to get the misappropriation of money back from the people on this audit. Any questions please call me 8607101833
Thank you
Rich Deso
@deso92
Phil King
West Haven, ct.

If West Haven was on their radar the last few years, why didn't MARB ask for like quarterly reports or even twice a year to see if anything changed? They wait till a major crisis to act. Especially with all this CARES money and how to spend it changed week to week with no oversight from Lamont. Someone there should have seen putting one Democrat, DeMassa, in charge was not a good idea. Like the fox guarding the henhouse. So all the residents have to pay the price now, like our real estate taxes are not high enough. What they did here may have been carelessness of record-keeping, but this board should have been looking over everyone's shoulders. The state bailed out Hartford with $50 million, which didn't seem like a big deal at the time. The one-party rule in this state is not doing any good for the residents. With inflation out of control how are we supposed to pay more in taxes? Not one rep from West Haven has said a word.
To the Municipal Accountability Review Board:

I’ve been a resident of West Haven for eight years. Four years ago, shortly after Mayor Rossi took office, I introduced a resolution to participate in the Sustainable CT initiative (“SCT”) to the then-City Council. The Council voted to participate, and I expected support from the Mayor, as she had shown a lot of enthusiasm, while campaigning, for new approaches to running West Haven.

My experience was disappointing. Municipalities must assign a City employee as liaison with their SCT team, usually someone in a position of authority, like the head of the Energy Committee, the Sustainability Dept., or Public Works. Mayor Rossi assigned her personal secretary to this position. This individual had no interest in sustainability and typically did not attend meetings.

Although I was, with the help of the Assistant City Planner at the time, able to achieve SCT’s Bronze certification for the City, it was largely on the basis of externally-produced documents (Plan of Conservation and Development, Coastal Resilience Plan, Harbor Management Plan, etc.). Nothing requiring new action was pursued. At every meeting I had with the Mayor she doggedly redirected the conversation away from any substantive issues. For three years I reported on operational or systemic lapses to the City Council and Mayor. Nothing was ever done. NOTE: This was during MARB oversight! In some case, policies were adopted, but there was no follow-through. One goal of the SCT initiative is to encourage communication and collaboration with neighboring cities and towns. Although I was available to facilitate it, it never happened. We have an Energy Plan from 2010 that has yet to be adopted by the Council. We have an Energy Commission that has not even met since 2015. We have a Tree Commission that is rarely consulted on decisions made about trees. There are no Systems and Procedures followed by employees in the Public Works Dept. Instead, the City relies on “trust relationships” with people who have been on the payroll for decades. These people make decisions that flout Charter requirements without consequence. At present, there is one such employee I know of who is ostensibly retired, but who is still in charge of decisions regarding funding. I have no idea if she is still getting a paycheck. Decisions are made largely on a “put-out-the-fire” basis, not according to a carefully-considered implementation schedule.

The Mayor took the opportunity of the pandemic to disband the sustainability team that had achieved Bronze certification and move the effort in-house under a new-hire Risk Manager. I was neither informed about nor asked to assist in this transition. The efforts and the recommendations of the previous team were simply erased from the record.

Over and over, one hears superficial assurances of compliance with no appreciation for the critical need to change operational gears. Personally, I believe the Mayor needs to resign. She is incapable of the sort of active oversight and proactive planning a city like West Haven
needs, and residents need a clear sign her leadership has been repudiated. I am dismayed that Tier IV seems to be the only way to address this problem, as being the guinea pig for an approach that has never been tried before seems to put West Haven taxpayers behind the 8-ball again. What needs to happen first, in my opinion, is the institution of clear operational policies and procedures that the City must follow without exception. And leadership needs to be held accountable for doing this.

Very truly yours,
Robin Parsons
203.933.7676
As a lifelong citizen of West Haven I am disgusted over the situation we are in with this mayor and her administration. She has had enough time to improve our city and turn things around. She definitely hasn’t done that with overseeing how OUR hard earned money is spent. We didn’t need thousands spent for commutative coins (to be given to who? Not the average citizen) not did we need to hire a matching band. What else did our money buy? Someone a new bathroom? I feel it’s time for her to go and I hope Gov Lamont will assist the hard working people if West Haven with a new start! Rossi didn’t listen to MARB warnings and suggestions - please listen to us now. Thank you for your time.

Sent from my iPhone
Good Evening!!

As a concerned State Taxpayer, City of West Haven Taxpayer and a registered Voter in the State of CT.

I agree with MARB, which will oversee our finances with Tier IV.

For the record, I have listened via YouTube from the very first MARB meeting, until the very last a few weeks ago. Not only disappointed, embarrassed and ashamed of our City of West Haven's Administration, but for the disrespect, and failure given to it's constituents, Young and Old who will ultimately suffer the consequences.

From the very first meeting, MARB, spoon feed our Administration with Policies and Procedures, deadlines, dues dates, hiring the right people for the Finance Department, which NONE were met. Listening to a Finance Director who seemed to be overwhelmed and a Mayor that continued to blame and point fingers, just yes'd your committee with no explanation but just a head nod. It's was painful!

West Haven is a Shoreline City with a Railroad Station, home of The University of New Haven, which is one of the Best Colleges in the Country.

Please Help our City get on the right track, help our Citizens get our dignity back for our communities, children and for the State of Connecticut.

Regards,
Nickie Galli
76 Ocean Avenue
West Haven, CT 06516
I have been a resident of West Haven since I was 5 yrs old. I wholeheartedly agree that Tier 4 is needed for the city. These financial problems have existed for decades and no administration has ever fixed the underlying problems. This Mayor has slow walked the responses to Marb for the last 3 years. Yes they had a thief amongst them, but if normal financial controls were in place that never would have occurred, never mind the all the payments for non Covid related items. Please go forward with Tier 4.

Thank You

James Maher
26 Great Circle Rd.
West Haven, Ct.

Sent from my iPhone
From: Donna Sawicki
To: Freund, Julian
Subject: :public comment tier IV
Date: Tuesday, April 26, 2022 4:06:20 PM
Attachments: image001.png

I am not opposed to MARB stepping in to oversee the finances of West Haven.docx

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EXTERNAL EMAIL: This email originated from outside of the organization. Do not click any links or open any attachments unless you trust the sender and know the content is safe.

Sent from my iPhone

Begin forwarded message:

From: Donna Sawicki <dsawicki@bcifinancial.com>
Date: April 25, 2022 at 1:30:35 PM EDT
To: Donna Sawicki <dunn.sawicki@gmail.com>
Subject: MARB

Donna Sawicki
Compliance Officer
BCI Financial Corporation
1520 Highland Avenue
Cheshire, CT 06410
Phone 203-439-9400 Ext 7448
Fax 203-439-9406
Email dsawicki@bcifinancial.com
www.bcifinancial.com

Company NMLS# 1266666
I am not opposed to MARB stepping in to oversee the finances of West Haven (the “City”) as long as the oversight includes involvement, review, and the power to require compliance and the ultimate removal of individuals from their positions for noncompliance.

I will say that I am disappointed that for the last number of years, MARB has been involved in oversight of the City and as evidenced by what has been found, did not uncover, report or stop what was happening in City Hall. I know they recommended that policies and procedures should be put in place, but this was not done and there were no consequences to the individuals or departments not acting on the recommendations.

We are past the point of recommendations. There must be action and consequences for noncompliance.

- A full forensic audit of all departments, all general ledgers not just Covid moneys, needs to be completed. We need to uncover all of the problems so we can see where we actually are financially and if other fraudulent activity is uncovered. We need to start with a clean slate.
- It is questionable why the audit firm currently in charge of conducting external audits of the City did not cite inadequacies of the accounts payable system, lack of policies and procures and possible fraudulent activities. This is apparently nothing new and should have been included in its report to management. If it was reported, then the citizens should be made aware of who it was reported to, when it was reported and who was hiding it.
- A review of all City employees (this includes managers) by an outside firm needs to be completed to determine whether each employee has the aptitude, resolve and attitude for the position they have been given. The city can no longer employ people because they have been there forever, or they know someone. The City needs a good team of bright and enthusiastic individuals to get this City moving in the right direction.
- Any City Council Member that has or their family has received financial gain from the city either • Family of the Legal Counsel for the city should not be hired for any part of this review.
- All City managers and council members should be required to complete with signature and dates ethics affidavits that include lists of businesses they own or are affiliated with through direct and indirect relationships.
- Use of vendors should be based on a number of predetermined factors and documented. This would eliminate the perception of favoritism if there were a direct or indirect relationship.
- Vendor files need to be reviewed at least annually and vendor management needs to be put in place with a list of documents required at commencement of the relationship and annually from each vendor including a completed W-9, financial information, beneficial ownership of the business, insurance, references to contact, etc. There should never be a check issued to a vendor that has not complied with a request for information.
- Vendor job performance should be documented and if 100% of the work was not completed or was not done in the time required should be noted on a do not use list. Vendors such as the construction company used for the infamous bathroom (also ties to city hall), should be sued.
Additionally, the President of the Company should be convicted of fraud for cashing a check when it was known the job was not completed.

- Any accounts payable check should have a request for payment form completed and signed by the appropriate department head with reason for payment. Checks over a certain amount should require a review (a second look).
- Any noncompliance with the city charter should be noted as well as all individuals involved with such activity.

Thank you
Donna Dunn-Sawicki
721 Jones Hill Rd
West Haven
My name is Margaret A Krzeminski I live in West Haven. I have finally realize how bad the city is being run. The mayor can't or won't admit it to herself. She has failed the people of the city. There is no economic development here if you call a 7-11 gas station with a small attached store. We don't have the right people to make a change in place. We lost money from the Cares Act and now we are going to pay for it. To me she doesn't care. We need Tire IV. We need help. There are self-serving people in the city hall that make the problems. There's no code of ethics at city hall. We have people that become police officers leave after they get training go to other cities that have better pensions. We have 401 plans now. Dumb planning. Give the union contracts in this city a good look. You will be amazed at what's in them. People are only looking out for them self. The mayor Rossi wants to give raises this year to city workers after two years of the pandemic. The people who were not working lost jobs or were working remotely or got the virus she is giving the city workers and the police a 2% raise in her budget this year. I find it wrong at this time. I don't know were its coming from. We were promised a mall 5 years ago. It has not happened. One problem after another. She didn't listen to MARB to follow thru.

Margaret A Krzeminski
makrzeminski@att.net
203 387 2003
I just want to follow up with why I support the marb. The city and its current leadership have not shown any propensity of doing things correctly. Constantly taking shortcuts and not making the correct decisions. The issue this week on how they ran the bulk trash pickup with not following proper procedures is another example of this. Need oversight with the people on power now.
I would like to offer my comments regarding MARB taking over the City of West Haven, CT spending. Although I think the city needs a lot of oversight and definitely needs to be cleaned up in many ways, I am worried about taxes going up to recover those embezzled COVID Relief Funds or any short falls in the city budget. I purchased my first home here in 2019 and am maintaining a mortgage by myself. Within one and a half years my property taxes have gone up THREE times. When I purchased my house I budgeted for a certain amount, that I was comfortable paying, now I am over that budget and cannot pay the rest of my bills as I would like. Although yes I know taxes do increase, it was not my expectation of being so soon. I work from home, I have no children, and do not use emergency services. My garbage is collected weekly. So what is it that I am paying $9000 in taxes for? My taxes are as much as my monthly mortgage. For the last year I have been contemplating selling and moving. I need my hard earned money to pay MY bills and anything left to put towards retirement or even extra toward my mortgage.

Whether it’s Federal, Local or State government, the first answer should NOT be to always impose taxes on its citizens. Government is supposed to work to find ways to cover costs. I am in no way saying that people should not be paying taxes, but when they are so high its ridiculous you wonder what government officials are sitting around doing. That being said... those who were involved should be made to pay back restitutions. The city has a lot of potential, where money can be earned and it is losing out on so much.

Thank you

Marcia Noel
14 Cove Brook Road
West Haven, CT
April 18, 2022
Office of Policy and Management
Attention: Municipal Accountability Review Board
450 Capitol Avenue
Hartford, CT 06106

Dear Members of the Municipal Accountability Review Board,

I cannot tout being a “lifelong Westie” since I only moved here just over five years ago after falling in love with Sandy Point Bird Sanctuary. I don’t think that matters because I am just as passionate as life long residents to protect West Haven. After several months of living in West Haven, I found the dealings within our city government to be extremely distressing. That inspired me to make a difference for West Haven so I ran for the District 2 Council seat. I was elected in December 2021. Being privy now to inside information not readily available to residents, I became sickened by the waste of taxpayers’ money as well and poor work ethic of some of the upper management positions. There are so many things wrong with how the current administration is running our city, sadly too numerous to cite.

In addition to the OPM Covid Relief Fund investigation, the City Council has just been made aware of a troubling new issue: the administration ordered ten electric vehicles, without the consent of the City Council. According to our new Finance Director at one of our latest meetings, three of the cars were delivered. Even more troubling, we currently cannot locate these vehicles. It is ironic that we cannot find money to fill our potholes and improve our infrastructure, but we can spend hundreds of thousands of dollars on electric vehicles for our city employees.

With the City Council’s April 11th unanimous vote of “no confidence” in Mayor Nancy Rossi and passing a resolution to investigate the Mayor, I am in favor of going to Tier IV. West Haven needs to have more oversight over the current administration so we can protect our residents. I wholeheartedly stand by my “no confidence” vote and in favor of an investigation by the City Council. Since the state’s audit report was released, I have spoken to hundreds of residents who advocate for the Mayor’s resignation. Those same residents do not want the Mayor to file an injunction against the state nor use taxpayers’ money to fund her legal fees. She has had over 4 years to improve our finance systems with MARB’s direction and support. She failed us miserably. Under her watch our beautiful shoreline city has been mired in scandal. Misspent, misappropriated, stolen and missing money has left residents disenfranchised and hopeless. Given West Haven’s history of theft, mismanagement and corruption, increased oversight is not only necessary, but welcomed. This includes the ARPA funds.

I support cutting wasteful spending and consolidating people/process/programs in order to save us from a mill rate increase. If Tier IV is approved by Governor Lamont, raising the mill rate would be detrimental to our residents. We are all struggling to make ends meet and do not deserve to suffer more as a consequence of an incompetent administration.

Thank you,

Meli Garthwait

Meli Garthwait, Allied ASID
Councilwoman, R-2
City of West Haven
To Whom It May Concern

I spent the better part of a week composing a long letter about the ills of Nancy Rossi's tenure and all of the problems with West Haven, notwithstanding the theft and embezzlement of millions.

After talking to several people in this town and listening/reading about the mismanagement uncovered by Ed O'Brien and others, I really believe that my letter would have reflected only the tip of the iceberg. I hear tales of a good old boy network that is far more insidious than stuffing shelves with after market PPE to fool federal investigators.

I cannot discern fact from fiction in these tales other than what's obvious such as the Havens, so I will suffice it to say that Rossi needs to go. In my experience, for a CPA, she is incompetent, dissembles, has negatively impacted people's lives and finances in West Haven and is a poor leader -- she inspires no one except the entrenched who view her simply as a figurehead for the cause. Under Rossi and her henchman, nothing will ever get better because so far it didn't have to. COVID brought the bad to light.

So to Governor Lamont, anything you can do to get West Haven on track would be appreciated. It's a town with a lot of potential. And that starts with financial oversight that excludes those with their hands already in the till and a strong leader.

Many thanks.

Sincerely

Kim Avdek
To Whom This May Concern,

Please allow us to introduce ourselves, we are Alfred and Helen Thomas Jr. and we have been homeowners in the city of West Haven for about thirty-seven and a half years. The purpose of this letter is to share our thoughts with regards to the city entering into Tier IV MARB oversight.

The only way we can truly give our opinion is by first explaining our experience living here for the past few decades.

We originally moved to West Haven in 1984 as it was a quiet, safe, and significantly more affordable place to own a home, especially in comparison to our hometown of Stamford, CT. In hindsight, had we’d known what we were in for we probably would have opted to stay.

Throughout our almost forty years of living in this city, we have consistently been reminded that Allingtown is the forgotten stepchild of West Haven. As an Allingtown resident, our taxes have increased significantly every year. Most recently, under MARB our taxes in Allingtown have increased every year for the past five years. This past year, despite being told that taxes would not increase, as you may have guessed our taxes indeed increased. While taxes have significantly increased, the quality of the city has greatly diminished. The city has lost more businesses than we have gained, and there does not seem to be any growth in sight. More importantly, the city has lost countless quality longtime residents due to their inability to retire here and retain a quality standard of living.

Speaking of lack of growth, while we are not begrudging anyone who opens a small business, this city needs to be able to attract the kind of companies and/or corporations that will provide quality jobs for the residents and career opportunities to young adults. There is absolutely nothing in place for the retention of young adults. We need to be able to retain the best and brightest of our students. How much sense does it make to grow up in this town and not be able to return upon graduation to work?

There is a serious lack of transparency between the city and its constituents.

We have the utmost respect for the difficult job our police department does, however we are kept out of the loop with respect to dangerous situations in the community. Case in point, after never having any serious criminal history, our street had multiple shootings within months of each other. While the police came door-to-door asking for home camera footage to aid in their investigation, we were never informed as to whether anything was ever resolved (i.e., What happened? Were suspects apprehended and/or still at large? Are we safe?).

Additionally, The city lacks transparency when it comes to the sale and usage of city property. Recently, a portion of our district was changed from a residential area to a commercial area to allow for a “wellness center” to be placed in the middle of a totally residential neighborhood, directly across the street from an intermediary school. Residents were not informed of this transaction until after the sale was completed. While we understand everyone needs the ability to rehabilitate and/or get help, why must it be in our neighborhood? We would be remiss if we did not mention the lack of transparency with respect to the misappropriation of the COVID
CARES Act money, not only by former Representative DiMassa, but also by the administration currently in office. It took city administrators years to stumble upon just some of the fraud that has been going on in city hall. What other fraud has been taking place in this city at the expense of our tax dollars? We believe that there needs to be an audit of all city finances starting at day one.

The current events that have taken place have been a total embarrassment to our city. Our mayor has refused to take any form of accountability and has resulted to finger pointing at everyone except herself. Our mayor has proven to be an ineffective leader, she has even shown herself to be argumentative with the constituents of her town (the ones who have been affected the most by the recent misappropriation).

While we understand that Tier IV MARB oversight seems to be in this city’s near future, we as constituents have not been given a clear understanding as to what that would mean. We have heard everything that MARB could possibly do, but there has been no definite plan that has been presented as to what MARB will actually do for this city. The constituents of this city need to be assured that by the city being put under Tier IV MARB oversight our taxes will be spent where they are supposed to be spent, and that stop gap measures will be put in place to ensure that our taxes will not continue to go up because they are being misspent.

We love our home in West Haven, as we have invested so much of our hard-earned money here. The current events that have uncovered all the wrongdoing in this city have been extremely disheartening and embarrassing to say the least. Should the Governor decide to send West Haven into Tier IV MARB oversight, we would like to be ensured that things are really going to get better here.

Sincerely concerned residents,

Alfred & Helen Thomas Jr.
May 11, 2022

Dear Governor Lamont,

On April 14, 2022, The Municipal Accountability Review Board (MARB) voted to place the City of West Haven into TIER 4, which will bring additional financial oversight to the city’s operations.

I was elected Mayor and began my term in December 2017. Within my first week on the job, I was summoned to a meeting with former OPM Secretary Benjamin Barnes who informed me that West Haven would come under the oversight of the newly created MARB. The reasoning was the deficit bonding by my predecessor former Mayor Ed O’Brien in the amount of about $18 million. Along with deficit bonding, the prior administration ran consecutive operating budget deficits causing the fund balance deficit to balloon from $7.8 million in 2013 to more than $18 million in 2017. Everything was broken in West Haven.

My administration has worked diligently over the last 4 1/2 years to fix the systemic problems that have plagued West Haven for decades. With the assistance of MARB, the city has delivered four consecutive balanced budgets with surpluses and we project an operating surplus in fiscal year 2022. The City didn’t use all of the restructuring funds and turned some of the funds back to OPM. Our fund balance is positive and growing at more than $6 million. We are recruiting and hiring qualified staff in our finance department and across the city.

Outside of finances and the budget, my administration is nearing completion on the new West Haven High School which is on time and under budget and have begun the design for replacing Washington Elementary School, which is over 100 years old. West Haven has aggressively tackled deferred maintenance across the city implementing a paving and sidewalk replacement program. Our beaches, parks and public spaces have been renovated and are being maintained to a standard that is expected. Our economic outlook is better than ever--New England Brewing will relocate their headquarters to our beautiful shoreline, Hartford Healthcare is opening a facility in the center of our Allingtown District and small businesses are opening and expanding across the city.

In the last 18 months my administration has caused, to be put back on the tax rolls, over 15 acres of city real estate. The city has received over $1 million in land sales, increased annual tax revenue by
more than $75,000.00 and allowed businesses to expand especially in the new Enterprise Zone that was established by my administration. Vacant land and building sales involve properties held by the city from six to 20 years. One vacant school on a four acre site in the Transit Oriented District near the Commuter rail will be converted from a school, built in 1923, abandoned in 2003, into a vibrant hydroponics facility complete with worker housing. The developers have connected with the state DECD. Another school building, vacant since 2010 will be the new site of 50 housing units. The City has that under deposit ($125,000.00) total purchase price $250,000.00. A third school (27,000 square feet) building used for storage for the last 15 years and a school before that, will be a new health facility, allowing an existing City business to expand.

Moreover, the City is foreclosing on brownfield sites unused, unproductive and tax delinquent for the past 20-40. For example, the City is acquiring an old private landfill and will have a solar construction project ready to start at the site.

My administration has done this and is doing this with virtually no funds set aside for development in past budgets. I hope to double this productive area of development with new money in the budget for economic development.

Unfortunately, State Representative Michael DiMassa allegedly embezzled more than $1 million while employed by the City of West Haven, in his position as an administrator for the City Council. The City Council, by unanimous vote authorized Mayor Nancy R Rossi or my designees, Frank Cieplinski and Michael DiMassa to administer the Cares Act Funds. Unfortunately, some of the Cares Act Funds were misappropriated and lacked proper approval and oversight.

MARB has had a financial consultant in West Haven City Hall since 2018 that is working to strengthen the finance operations and to act as a liaison to MARB. If not for the unfortunate alleged illegal activities of this State Representative, West Haven would be celebrating historic success. I do wish the City of West Haven would have had a chance to respond to the CohenReznick Audit ordered by OPM, since many of the items could have been easily explained and rectified. With that said, I will guarantee full cooperation from the City of West Haven as we move forward with MARB under TIER 4 to continue to improve and strengthen the City’s financial operations.

Sincerely,

Nancy R. Rossi
Mayor
City of West Haven

CC: Secretary Jeff Beckham
Standard & Poor’s Report
West Haven, CT 'BBB' GO Rating Outlook Revised To Stable

NEW YORK (S&P Global Ratings) April 28, 2022--S&P Global Ratings has revised its outlook to stable from positive on West Haven, Conn.'s general obligation (GO) bonds. At the same time, we have affirmed the city's 'BBB' long term and underlying ratings.

"The outlook revision reflects unaddressed budgetary controls, recently highlighted by a third-party auditor, and the subsequent vote to designate the city as a tier IV community by the Connecticut Municipal Accountability Review Board (MARB), suggests that progress by the city's management team in ameliorating its financial management practices and internal controls to ensure long-term structural balance has been slower than anticipated," said S&P Global Ratings credit analyst Lauren Freire. "This will likely affect the city's ability to significantly grow its fund balance over the near term. We believe these findings, coupled with the anticipated delay in the completion of the city's 2021 audit, underscore weaknesses in the city's risk management, culture, and oversight captured under our environmental, social, and governance factors. Despite the internal control findings, we believe the ongoing oversight under the MARB provides long-term stability at the current rating level."

Following a third-party audit into the city's use of COVID relief funds, MARB provisionally designated West Haven as a tier IV city under the oversight framework. Tier IV is the most restrictive in the statute, and if approved by the governor, will result in additional, more direct oversight of the city's operations. This designation is the first in the state and could require appointment of a financial manager and hiring of an independent auditor consultant.

Following a third-party audit into the city's use of COVID relief funds, MARB provisionally designated West Haven as a tier IV city under the oversight framework. Tier IV is the most restrictive in the statute, and if approved by the governor, will result in additional, more direct oversight of the city's operations. This
designation is the first in the state and could require appointment of financial manager and hiring of an independent auditor consultant.

We understand the city has begun to implement steps that address control deficiencies laid out in findings presented to the MARB on April 5, 2022.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

**European Endorsement Status**

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