

APPROVED
STATE OF CONNECTICUT

MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING MINUTES

Meeting Date and Time: Thursday, September 19, 2019 10:00 AM – 1:00 PM

Meeting Location: State Legislative Office Building, Hartford, CT

Members in Attendance: OPM Secretary Designee Kimberly Kennison (Executive Finance Officer), State Treasurer Designee Linda Savitsky (Deputy State Treasurer), Stephen Falcigno, Tom Hamiton, Scott Jackson, Sal Luciano, Mark Waxenberg, Bob White, and David Wright-Biller

Municipal and State Staff and Others Present: Luke Bronin (Mayor of Hartford) and staff, Cathy Osten (First Selectman of Sprague) and staff, Nancy Rossi (Mayor of West Haven) and staff, Michael Milone (OPM liaison), OPM Staff – Julian Freund, Gareth Bye, and Bill Plummer

Agenda

I. Call to Order & Opening Remarks

Deputy Treasurer Linda Savitsky called the meeting to order at 10:02 a.m.

II. Public Comment* Period

Ms. Savitsky indicated that based upon today's meeting sign-in sheet, there were several people who have signed in to make public comments. The public comment speakers and comments are indicated below.

Speaker #1 –Melissa Ziobron – Budget Director of the Senate Republican Caucus: Ms. Ziobron reminded the board that she had raised several questions at a prior meeting and was awaiting responses.

Speaker 2 – Doctor Larry Deutsch - Hartford City Council: Mr. Deutsch provided his comments and thoughts regarding the cost of high deductible health plans and the contractual provisions of medical care, including high deductible plans for employees.

Speaker #3 - O'neil Anderson – DPW worker for City of Hartford:– Mr. Anderson spoke about the high deductible health plan's effect on workers.

Speaker 3 - Michael Fazio - Municipal Valuation Services: Mr. Fazio described the proposal put forth by his valuation firm in response to the City's recent RFP for revaluation services related to the upcoming revaluation of property and why he believes certain factors should be taken into account in regard to awarding this and similar contracts.

III. Approval of Minutes:

a. August 1, 2019 Regular Meeting

Minutes of August 1st meeting were unanimously approved by all members in attendance with abstentions by Mr. Hamilton and Deputy Treasurer Savitsky. Ms. Kennison clarified that the word “loan” was used loosely as it relates to Sprague’s agreement with the MARB on the funds provided under the MARB legislation to the Town and the structure of the return of such funds to the State. However, the structure agreed to between the State and Sprague is not considered a loan.

b. August 29, 2019 Special Meeting

Minutes of August 29th meeting were unanimously approved with abstentions by Ms. Kennison and Ms. Savitsky.

IV. City of Hartford Issues and Items

a. Subcommittee update

Mr. Freund provided a summary of the August 15th Subcommittee meeting including the 3-year financial plan that was discussed at that meeting.

b. Review and discussion: Monthly Financial Report July 2019

Jolita Lazauskas, the City’s budget director, provided an update on the month of July 2019 unaudited actual budget results as compared to the month of July 2018 actual budget results. She also provided a brief summary of the FY 2018-19 unaudited General Fund budget to actual results to date. Those results indicate a General Fund operating surplus of approximately \$5.6 million with the understanding that not all accruals have been taken into account. Several questions were raised by Board members and answered by Mayor Bronin and Ms. Lazauskas.

c. Review, discussion and possible action: Labor contracts:

i. Support Supervisors Association (Board of Education)

Mr. Freund introduced the contract and the subcommittee’s review and action on the item. Melinda Kaufman, Attorney for the Hartford Board of Education indicated that she would be able to field any questions regarding the contract provisions that the Board may have. Mr. Waxenberg indicated that he had several questions related to the contract on certain concerns that he had in regard to the information delineated in the contract that was unrelated to the fiscal impact of the contract on the City’s finances. It was his opinion that the contract lacked clarification in several areas.

The Board voted unanimously in favor of the contract subject to contract language clarification regarding increments and updated position references. Revised documents are to be provided to the subcommittee.

d. Review and discussion: Non-labor contracts

i. Cybersecurity

Mayor Bronin and the City's Chief Innovations Officer provided a description of a recent contract agreed to by the City for identification of Cybersecurity threats to the City and the intent of the contract.

V. City of West Haven Issues and Items

a. Subcommittee update

Mr. Freund reviewed the subcommittee's work from the August meeting.

b. Review and discussion: Monthly Financial Report July 2019

Finance Director Frank Cieplinski provided an update on the FY19 audit process and noted the City is committed to a submittal date of 12/31/19. Current projections show FY 19 closing with a \$2.5 million surplus, assuming the full \$6.25 million in restructuring funds is received. Mr. White noted that the City's 5-year plan is still an outstanding item in the current Memorandum of Agreement. It has been submitted to the MARB but not acted upon by the City Council. Members have expressed concern regarding the feasibility of the mill rate increase depicted in the last version of the 5-year plan. Review and discussion: October BAN issue

c. Review and discussion: Non-Labor contracts

i. Special Ed Transportation (BOE)

BOE Business Manager Matt Cavallaro presented the special education transportation contract which was bid through the regional consortium, ACES. Ms. Savitsky asked why the service is bid out annually. Mr. Cavallaro explained that service levels are driven by individual student participants which would make multi-year agreements difficult.

ii. Revaluation

Lee Tiernan, Corporation Counsel, and City Assessor Ann Marie Gradoia provided an overview of the proposed contract. Revaluation is conducted every five years. The City's selection was driven in part by the vendor's experience with the City and software considerations. Members discussed the cost of the revaluation and the requirement that Vision software be used for the revaluation. Ms. Gradoia explained the related software expenses, including the base license and annual maintenance fees. Mr. Tiernan expressed that the City would provide the board with additional information regarding the cost of the proposals. In response to questions from Mr. Hamilton, the City described the RFP process and the criteria the City used for evaluating the proposals. Mr. White indicated that a \$40,000 cost differential is not enough to overcome the City's selection of the vendor in the context of a contract that could have a significant impact on appeals. Ms. Savitsky asked that the board also be provided with a history of the City's appeal experience from previous revaluations.

d. Update: MOA compliance

Mr. Freund reviewed the City's current compliance with the MOA and noted two outstanding items: the 5-year plan and the organizational plan for addressing finance and benefits administration capacity.

e. Update: State Partnership Plan

Mr. Milone provided an update on the Partnership transition plan. Partnership rates have been finalized. Presentations to all bargaining units have been made. There is a possibility that the Police union may take the issue to arbitration. The application materials are nearing completion and will be submitted to the Partnership soon. Work on options for the over-65 retirees continues.

VI. Town of Sprague Issues and Items

a. Review and discussion: Monthly Financial Report July 2019

First Selectman Osten introduced the interim Superintendent Bill Hull, who is also serving as acting Principal, and Michele D, Director of Finance for the Board of Education. Board members were provided with the monthly financial reports in their meeting packages.

b. Update: MOA

Mr. Freund provided an update on the status of the Memorandum of Agreement between the Town and OPM. The agreement provides \$500,000 initially in restructuring funds to address the Town's cash flow issues. If ongoing financial conditions warrant, the agreement provides for up to an additional \$400,000 in restructuring funds. The agreement includes repayment of the restructuring funds as the Town's financial condition stabilizes, and as certain fund balance targets are met. A Town Meeting authorized the First Selectwoman to enter into an agreement for restructuring funds with the state and the agreement has been executed. Mr. Waxenberg noted that the financial report suggests the Board of Education budget is projecting favorable balances in transportation and special education which have been drivers of prior budget problems. He also noted that it appears that procedural issues regarding the hiring of an interim and permanent superintendent have been resolved. Deputy Treasurer Savitsky asked about the timing of restructuring funds payments to the Town. Ms. Kennison indicated that the process has been initiated. Mr. Biller asked about the MARB's role when a municipality is filling vacant positions. Deputy Treasurer Savitsky explained that the MARB does not get involved in the filling of positions.

c. Update: September BAN issue

One year notes have been issued to roll over the expiring notes. Two additional authorizations are anticipated for a roads issue, a dam project and a generator for the transfer station.

d. Update: Audit and corrective action plan

Ms. Osten explained that Ms. Kennison is working with the Town on a plan for eliminating prior year audit findings. Solutions for addressing segregation of duties are being devised for Water and Sewer that would not require adding a position. The Town has been receiving monthly reports from the Board of Education to improve budget monitoring. Policies and procedures for several operations are in the process of being documented. The Board of Education is working on corrective actions for establishing certain separate funds in the accounting system.

e. Update: Vacant positions

The open positions have been filled with interim or permanent staff who were introduced earlier in the meeting.

VII. Adjourn

Meeting adjourned at 12:13 p.m.