

DRAFT
State of Connecticut
Municipal Accountability Review Board (MARB)
Regular Meeting
State Board of Regents Boardroom, Ground Level,
61 Woodland Street, Hartford, CT

Meeting Minutes – Thursday, December 6, 2018
10:00a.m. – 12:30p.m.

The following link is to the MARB website. All meeting handouts can be located on this website, along with future meetings dates, agendas and minutes:

<http://www.ct.gov/opm/cwp/view.asp?a=2998&q=599332>

Members in attendance: Co-chairs: OPM Secretary Benjamin Barnes and Bill Cochran (designee of State Treasurer Denise Nappier), Sal Luciano, Scott Jackson, Patrick Egan, Matthew Brokman, David Walker, Robert White.

Staff: Robert Dakers (OPM), Julian Freund (OPM), Alison Fisher (OPM), Amy Tibor (OPM), Riju Das (OTT)

Absent: Thomas Hamilton, Mark Waxenberg

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

Chairman Barnes called the meeting to order. Chairman Barnes announced that this would be his last meeting and thanked OPM staff and members of the Board. Chairman Barnes announced that the Board has received news that Bart Shuldman has resigned. It is the expectation that the Board will receive a replacement nomination by the House Minority Leader soon.

II. Public Comment Period

Hartford City Councilman Larry Deutsch provided a public comment regarding high deductible health plans and its impact on families and municipalities, stating that there is no evidence that such plans offer a positive outcome. He urged the members to reconsider such plans.

III. Approval of Minutes: November 1, 2018 Regular Meeting and November 1, 2018 Special Meeting

Chairman Barnes requested a motion to approve the minutes of the November 1, 2018 Regular meeting. Motion made (Luciano) and seconded (Jackson). Members requested several changes to the meeting minutes.

Mr. Walker requested the following revisions:

- 1) On page 1 of the special meeting minutes, Mr. Walker clarified his comments that he felt it was premature to designate them as a Tier 4
- 2) On page 2 of the regular meeting minutes, revise to read “the Hartford management letter and report will be sent to OPM.”

- 3) On page 4 of the regular meeting minutes, under the West Haven 2018 Audit item, clarify that the 2019 payment is conditioned on having the audit completed. The 2018 payment is not.
- 4) On page 2 of the special meeting minutes, it was suggested that the request for a motion to designate the City of West Haven at Tier IV should be revised to say the Chairman asked "if"

Motion made (Luciano) and seconded (Jackson) to approve the minutes as amended. Motion carried unanimously as amended.

IV. Other Business

a. Town of Sprague

i. Review, Discussion and Possible Action re: Tier II Designation

Chairman Barnes explained that the Town of Sprague has requested Tier II designation as a result of declining fund balance and a significant deficit anticipated for FY 2018 caused by cost overruns by the Board of Education. The Secretary has designated the Town of Sprague as a Tier II municipality and is referring the town to the MARB. The town has begun preparing a five-year plan and will be making a request for Municipal Restructuring Funds. Mr. Walker questioned the nature of the fiscal problems and whether restructuring funds would be warranted when issues are driven by one-time events. He noted that the Town does not appear to have an excessively high mill rate. Secretary Barnes said that the Town has limited ability to grow its grand list and has comparatively high poverty indicators.

b. Municipal Finance Advisory Commission

i. Discussion re: Financial Indicators for recommending Tier III designations

Chairman Barnes referred to a letter he sent to the Municipal Advisory Commission (MFAC). The statute that created the MARB also changed the role of the MFAC giving it a role in recommending involuntary tier designations and making referrals to the MARB. He has suggested the MFAC develop a process for reviewing municipalities that meet Tier III criteria and for making referrals to the MARB. Mr. Luciano asked about the capacity of the MARB to take on additional municipalities if there were additional referrals. Chairman Barnes suggested the MARB might choose to delegate more of its approvals to a committee structure.

The suggestion was made to put together the learning that the Board has had over the last year, in terms of what the Board would ask the municipalities, to assist with minimizing the oversight that is needed, and maybe the priority items the Board should look at.

V. City of West Haven Issues and Items

a. MARB West Haven Committee: Report re: Meeting, December 6, 2018

Mr. Freund provided an update on the West Haven committee meeting from earlier in the day. The City has submitted a timeline for completing the 2018 audit with a projected completion date of the end of February. Some of the FY2019 restructuring fund payments will be conditioned upon the City submitting a completed audit and management letter.

The City also provided a timeline for completing the Fire Service Study and a proposed scope of services for the consultant. The RFP was issued in October and the City is reviewing consultant proposals. A vendor will be selected by the end of December and the MARB will be updated in January.

A brief update on the status of various labor contract negotiations was also provided by the City. One Settlement Agreement, negotiated by the Board of Education, is an item on this agenda.

b. Review and Discussion: Monthly Financial Report: October FY2019

Mr. Ciatelli provided an update on the City's October FY2019 monthly financial report. The City has gone through organizational changes including moving all financial transactions to MUNIS. Mr. Ciatelli stated that FY19 expenditures and revenues are trending in a positive direction. Tax collection is up 1% over this time last year, and expenses are lower than this time last year. However, the City is projecting a potential cost overrun in trash and recyclables collection and disposal. Mr. Ciatelli indicated that some of the efficiencies that the City is attempting to address include regional health services, sale of City property, fire service efficiencies, and IT upgrades.

Mr. Jackson inquired about CMED. Mr. Ciatelli will get more information to him.

Mr. Walker asked if the City could include the totals for FY18 so that the Board can see that comparative. Mr. Walker asked about the timing of debt service payments and the increase in electricity spending. With regard to electricity, Mr. Ciatelli announced that the City has just instituted LED street lighting. The UI has informed them that they are saving but their payments match exactly to the previous year. The City is working on resolving this matter. Mr. Jackson recommended that the City conduct an audit of usage to help mitigate any issues. Mr. Egan requested that the City track future debt service payments going forward, and provide a schedule to the Board.

c. Update re: MOA with City of West Haven for Restructuring Funds

Mr. Freund indicated that the MOA between West Haven and OPM, which will outline the conditions and payment schedule, has been drafted and is under review by OPM's legal counsel. Chairman Barnes stated that OPM is adding more specificity to the agreement. Any area where there could be ambiguity has been changed. The MOA should be signed by both OPM and the City by the end of December.

d. Review and Discussion re: Non-Labor Contracts: Sanitary Sewer Repairs

Mayor Rossi announced that the City had an issue with one of its sewer pipes recently which became an emergency. As of today the issue has been resolved. The final cost of the repair was \$150,000. The work did not go out via an official process because it was an emergency. The repairs were paid from a capital improvement account within the sewer fund budget and sufficient funds were available. Mr. Egan asked what made this an emergency. Mayor Rossi responded that sewage was seeping into the Sound. Mr. Tiernan indicated that the City does try to anticipate such occurrences. To the extent that they can be anticipated, the City will go out to bid. Through the analysis, this particular occurrence could not be resolved in this way.

e. Review, Discussion and Possible Action re: Labor Contract: Nurses Federation and West Haven Board of Education Salary Reopener

Mr. Freund announced that the nurse's union salary reopener was taken up by committee earlier. The provisions mirror the settlement agreement that the teachers union approved a month ago that was also approved by council and this board. The agreement is for wages only. The committee discussed whether this board has a role in this as the nurse's union is one of a handful of union contracts that is negotiated by the Board of Education without review and approval by the City Council. It appears that

the nurse's union is not subject to local legislative body approval. OPM's legal office is reviewing this to determine the Board's role. A motion was made in committee to communicate to the full MARB that this body has no objection to the Settlement Agreement between the Nurse's Federation and the West Haven Board of Education. However, at minimum, it is the desire that this board is informed regardless of its role. A motion was made (Luciano) and seconded (Walker) to accept the recommendation of the committee to take no action. All in favor. Motion passed.

Chairman Barnes announced that OPM had contracted with Segal to have them provide alternative approaches to health insurance being delivered by the City. Information is expected to be provided at the next West Haven committee meeting. Mayor Rossi asked if the City would be provided with this information prior to the meeting. Chairman Barnes replied yes. A brief discussion took place regarding the engagement letter and payment to Segal.

VI. City of Hartford Issues and Item

a. MARB Hartford Committee: Report re: Meeting, November 14, 2018

Mr. Dakers announced that the Hartford committee met on November 14. The main discussion of the meeting was a presentation by Treasurer Cloud and others regarding the City's pension plans funding status, investment policies, strategies and results and its actuarial assumptions. All presentations can be found on the MARB website. At the next Hartford committee meeting, there is interest to have a presentation made about OPEB. Mr. Dakers provided a brief update on the status of the motions of the October 4 meeting. Staff has met and exchanged information with staff from the Hartford Public School System and the State Department of Education regarding special education issues. A preliminary report is expected to be provided to the committee in January. Staff has also begun discussions with Hartford Public School staff regarding Achievement First and will report back in January. Lastly, staff has met with Hartford Public School finance and Human Resources staff to identify health insurance information to request from the consultant. Analysis of this information is anticipated in February.

b. Review and Discussion of Monthly Financial Report: October FY2019

Melissa McCaw provided a brief update on Hartford's monthly financial report for October FY2019. Revenues are projected to be stable and expenditures are trending very close to budgeted projections..

Mr. Walker asked if the City could break out debt service by how much is it per month for this FY, and by how much is going to be the responsibility of the city of Hartford v. how much is going to be the responsibility of the State.

c. Review and Discussion re: Non-Labor Contracts

City of Hartford staff, Kim Oliver, reported to the board on the City's contract with COMPASS. the original contract covering FY 2018 is being extended for FY 2019. The organization serves disconnected and vulnerable youth within the City. The \$300k contract is funded from the general fund. Board members discussed outcomes and performance measures with City staff.

d. Review, Discussion and Possible Action: re: Labor Contracts

i. School Crossing Guards

City of Hartford staff reported to the board on the City' school crossing guard's labor contract. Mr. Dakers announced that the Tentative Agreement was entered into on Nov. 2, the union a couple of days prior and then it went to the mayor. Brief dialogue ensued. A motion was made (Luciano) to take no action on the school crossing guard's labor contract. Motion was seconded (Walker). All in favor. Motion passed.

ii. Board of Education and Buildings and Grounds Supervisors

City of Hartford staff presented to the board on the collective bargaining agreement between the Board of Education and the Buildings and Grounds Supervisors contract. There is some question as to the MARB's role in reviewing this contract similar to the issues previously described with the West Haven nurses' union contract. A motion was made (Luciano) to take no action on the Buildings and Grounds Supervisors contract, and seconded (Walker). All in favor.

VII. Review, Discussion and Potential Action re: CY2019 MARB meeting and deadline schedule

Ms. Fisher initiated a discussion on the CY2019 MARB meeting and deadline schedule. The calendar takes into consideration state holidays, as well as both Hartford's and West Haven's budget calendars. Members agreed to revise the schedule in order to move the Jan. 3rd meeting to Jan. 10th. The revised schedule will be filed with the Secretary of the State. A motion was made (Luciano) and seconded (Egan) to adopt the CY2019 schedule of meetings as amended. Mr. Walker asked if it is possible to participate via conference call when necessary. It was announced that conferencing can be facilitated.

VIII. Adjourn

A motion was made (Egan) to adjourn the meeting. Seconded (Barnes). All in favor; meeting adjourned at 12:22pm.