

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
SPRAGUE SUBCOMMITTEE
MINUTES OF SPECIAL MEETING

Meeting Date and Time: Monday, July 1, 2019 10:00 – 11:30 AM

Meeting Location: Office of Policy and Management, 450 Capitol Ave, Hartford, CT

Members in Attendance: Deputy Treasurer Linda Savitsky, Kimberly Kennison, Commissioner Scott Jackson, Mark Waxenberg, Stephen Falcigno (phone), Matthew Brokman (phone)

Local Officials in Attendance: First Selectwoman Senator Cathy Osten, Superintendent Irwin

Staff: Gareth Bye, Alison Fisher, Julian Freund

Agenda

I. Call to Order

The meeting was called to order at 10:03 AM.

II. Approval of Minutes of April 26, 2019 Subcommittee Meeting

A motion was made by Mr. Waxenberg with a second by Ms. Savitsky to approve the minutes of the April 26, 2019 meeting. The minutes were approved with Commissioner Jackson and Ms. Kennison abstaining.

III. Review, discussion and possible action re: 5-Year Plan

Mr. Freund provided an update on the Town's budget process, indicating that the budget referendum of June 27th did not pass. The mill rate increase of 1.5 mills, which was passed by the Board of Finance, requires an \$80,000 reduction in expenditures (\$60,000 on the BOE side and \$20,000 on the Town side).

Senator Osten listed the suggested Town-side reductions to include: \$12,500 reduction in capital improvement funding (removing a Fire Dept computer upgrade, improvements to the senior center, advanced funding for the next plan of conservation and development, and the next Grand List revaluation) and \$8,845 reduction in salaries (removing Town employee pay increases and saving for the 27th pay period in FY2020). Ms. Savitsky asked how much one referendum costs to run, to which Senator Osten replied \$1,900. The Senator continued, noting that Accounts Payable (A/P) for June 2019 has not yet been paid due to the cash flow issues experienced by the Town. More specifically, \$511,000 is owed in held bills, with A/P

increasing by about \$40,000 each day. Additionally, \$489,000 is owed in held BOE bills.

Mr. Falcigno asked if there is a way to reduce hours at the library or senior center, rather than closing them entirely. Senator Osten responded that all City offices are already closed on Friday, but that an additional day could be considered. Ms. Kennison asked if the BOE has been able to determine the reductions that they will need to make. Superintendent Irwin responded that they are considering offsetting some costs to grants (should cover about \$50,000) and refilling open positions at lower levels. Commissioner Jackson asked about consolidation of classroom to reduce costs. Superintendent Irwin stated that the new multi-age classrooms are consolidated.

Ms. Savitsky asked what the BOE is planning to do regarding business office staffing. Superintendent Irwin responded that they are meeting with an experienced business manager this week and that the BOE has hired an interim Superintendent, who has served as interim Superintendent for Sprague before.

Commissioner Jackson asked for more information regarding health insurance, to which Senator Osten responded that all insurance costs, except general town (employee medical), went down this year. The Town and BOE employees are insured by the state Partnership Plan and are offered a \$3,000 stipend if they don't take insurance through the Town.

Mr. Waxenberg asked about the issue regarding school choice. Superintendent Irwin responded that the BOE asked the State to let the students who are currently enrolled in the program to age out, not pay the transportation, and sunset the program going forward. He also recognized the complications with this plan in regard to students receiving special education services. Mr. Waxenberg suggested that an analysis be completed of moving all students to Norwich Free Academy (NFA), which could be more cost-effective. Senator Osten commented that NFA poses its own challenges in that it is a college-bound school, and many children from Sprague are not college-bound students. However, she noted, NFA has recently been including trade school options for students. Mr. Waxenberg suggested that Town officials speak with the Trustees at NFA regarding the needs of the community, as the demographics of Norwich and its surrounding towns have changed.

Senator Osten requested assistance in maintaining continuity for BOE leadership, since there will be vacancies. She reported that the Teachers' Retirement Board (TRB) informed her that an educator has to be retired for 6 months before they can come back to work, unless the district in need is a priority school or has a special

circumstance. Mr. Waxenberg offered to speak with the TRB about waiving the 6 month prohibition for Sprague.

Ms. Savitsky stated that the subcommittee should not take action on the Five-Year Plan until the Town has an FY 2019-20 budget. Mr. Jackson, Mr. Falcigno and Mr. Waxenberg agreed, and all expressed concern about the Town's cash flow issues. Senator Osten noted that the next budget referendum will not be scheduled until at least mid-August. Ms. Savitsky asked if the Subcommittee would like to make a recommendation to the Secretary to help the town with cash flow. Mr. Falcigno suggested that such assistance should be handled on a month-by-month basis.

Mr. Waxenberg suggested that the Subcommittee recommend up to \$900,000 (based on General Fund balance projections) is provided to Sprague, through an MOA between the Secretary and the Town, which will decide the terms, conditions of distribution, and duration, for the purpose of assisting the Town with cash flow issues.

Mr. Jackson suggested that the recommendation be made to the MARB on a consensus basis, not a voting basis. Mr. Falcigno, Mr. Jackson, and Mr. Brockman agreed with this approach.

Mr. Falcigno requested that OPM staff send him the list of Sprague's outstanding bills.

IV. Review, discussion and possible action: Municipal Restructuring Funds/Support for Town of Sprague

No discussion.

V. Discussion: Subcommittee Scheduling

Ms. Savitsky requested regular updates from Senator Osten on personnel matters. She additionally requested that staff conduct a poll of subcommittee members to reconvene Poll the last week of July.

VI. Adjourn

A motion was made by Commissioner Jackson with a second by Ms. Kennison to adjourn the meeting. The motion was unanimously approved and the meeting was adjourned at 11:43 AM.