



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

October 2, 2018

Nancy Rossi
Mayor
City of West Haven
355 Main Street
West Haven, CT 06516

Dear Mayor Rossi:

I believe that you and I are both hopeful that the City's efforts to gain approval of a five-year turnaround plan from the MARB are approaching a successful conclusion. While I do not wish to prejudge the MARB's ongoing deliberations, I do think it makes sense to begin some discussion with you regarding the timing and conditions that OPM will place on the granting of Municipal Restructuring funds. This will not only allow us to resolve any issues without delaying a grant, it will also provide the MARB with an opportunity to make any recommendations it sees fit to make, and to consider potential funding conditions alongside its deliberations on the plan itself.

Below please find a proposed schedule of payments and set of conditions. I welcome any comments that you or your staff may have, and will try to accommodate them in a proposed grant agreement once the MARB has approved a plan and made any recommendations regarding the amount, timing, and conditions of a Municipal Restructuring award to West Haven.

1. Payment Schedule

- FY18 amount of up to \$8 million payable by 12/31/18
- 25% of FY19 amount payable by 12/31/18
- 25% of FY19 amount payable by 4/30/19
- 50% of FY19 amount payable by 6/30/19

2. OPM Conditions for Payments:

- Any portion of 12/31/18 payment, or future payment, may be withheld if: 1) the \$1.750 million for prior deficit reduction in the FY19 budget is used for any other purpose or 2) the \$250,000 for MARB expenses has not been transferred to OPM.
- Any portion of the 12/31/18 payment payable on 12/31/18 may be withheld until (1) the submittal and acceptance of the MARB of the City's plan to undertake a complete study, with recommendations, of West Haven's three fire departments, which plan may seek a portion of the MARB expense budget for needed consulting or professional service in this regard and (2) a vendor has been selected to complete the work.
- No payment will be made related to the scheduled payments after 12/31/18 until the receipt of the City's final independent audit for FY18.

- The 4/30/18 payment will be held until such time as the Mayor submits to the MARB: 1) an organizational plan to address the administrative capacity needs associated with executing the City's financial plans; 2) a reserve policy related to its General Fund and its health insurance plans; and 3) the completed analysis and recommendations regarding the fire departments.
- That the 6/30/19 payment will be held until such time as the MARB approves (1) the City's FY20 budget; (2) an update to the City's 5-Year Plan, which plan shall include actions to address the City's long-term liabilities, including those of the fire districts, with FY20 being the first year of the plan and 3) evidence that the City has contributed or included the Actuarial Determined Contribution (ADC) related to the Pension Plan and Allingtown Fire Plan in FY19, in its FY 20 adopted budget and in each year of its updated 5-year plan.
- Based on the recommendation of the MARB, the Secretary may withhold all or a portion of any remaining payments if the MARB determines that the City has a projected operating deficit for FY19 in its General Funds, Sewer Fund or the Allingtown Fire Department and the City fails to submit and execute a remedial plan, acceptable to the MARB, to eliminate such deficit.

Thank you for your efforts so far.

Kind Regards,



Ben Barnes

Cc: Governor Dannel P. Malloy
Hon. Denise Nappier, Co-Chairperson, MARB
Thomas Hamilton, MARB
Commissioner Scott Jackson, MARB
Sal Luciano, MARB
Mark D. Waxenberg, MARB
Patrick J. Egan, MARB
Bart C. Schuldman, MARB
Robert A. White, MARB
David M. Walker, MARB
Matthew Brokman, MARB
Robert Dakers, Office of Policy and Management
MaryAnn Palmarozza, Office of Policy and Management
Julien Freund, Office of Policy and Management
Michael Milone