**Draft Minutes**

STATE OF CONNECTICUT

MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

SPECIAL MEETING of the MARB West Haven Committee

Date: Thursday, September 27, 2018

Time: 9:30 AM to 11:30 AM

Location: West Haven City Hall, 355 Main St., Harriet North Courtroom, Second Floor, West Haven

Committee Members in Attendance: Ben Barnes, Tom Hamilton, Larry Wilson, Patrick Egan,

Other MARB Members in Attendance: Bob White, David Walker

Other MARB Representatives: Bob Dakers, Riju Das, Julian Freund

West Haven City Representatives: Mayor Nancy Rossi, Ron Cicatelli, Beth Sabo, Jack Reagan (Consultant), Lee Tiernan

West Haven Board of Education: Superintendent Neil Cavallaro

**I. Call to Order**

The meeting was called to order at 9:35 AM.

**II. Review and Approval of Minutes from August 22, 2018 Meeting:**

The minutes were approved unanimously.

**III. Review, Discussion and Possible Recommended Action re City of West Haven Board of Education and West Haven Federation of Teachers Reopener Agreement**

Mayor Rossi introduced the Settlement Agreement between the Board of Education and the Federation of Teachers, and reported that the City Council had approved the agreement on 9/24/18. A brief overview of the agreement, which is a wage reopener of an existing contract that runs through August 2021, was provided by Mr. Freund. The agreement provides for a 0% wage increase in FY 2020 and a 1% wage increase in FY 2021 with no step advancements in either year. The remainder of the contract is unchanged. Given the City’s status as a Tier 3 community, the MARB has authority to approve, reject, or take no action on the Settlement Agreement. Superintendent Cavallaro explained that this bargaining unit was the first to make a switch in health insurance to the high deductible plan. The next opportunity to make changes to employee benefits or other provisions of the contract will be in 2021. He also indicated that step advancements, when included in a contract, typically equate to about 2% of payroll. Mr. Egan made a motion, seconded by Mr. Barnes to recommend to the full MARB approval of the Settlement Agreement. The motion passed 4-0.

**IV. Review and Discussion of June 2018 and August 2018 Financial Reports; FY 2019 Cash Flow Report**

These items were deferred to the next meeting of the full MARB.

**V. Review, Discussion and Possible Recommended Action re City’s Revised 5-Year Plan**

Secretary Barnes noted that the City has produced a revised 5-Year Plan dated 9/21/18 addressing many questions raised by the board in previous meetings. The task of the committee is now to determine what additional changes to the Plan are necessary, and what changes must be addressed in the current year budget. Secretary Barnes explained that approval of the 5-Year Plan will be a precondition for the approval of Restructuring Funds for the City. Other conditions concerning budget development and management, completion of audited financial statements, and funding of pension and other obligations are also likely requirements for the payment of Restructuring Funds.

Mayor Rossi and the City’s consultant, Jack Reagan, provided an overview of the revised plan dated 9/21/18. MARB staff reviewed changes reflected in the revised Plan and the status of various open issues and questions.

The current version of the Plan funds health insurance costs in FY ’19 in amounts consistent with the Segal report. Health insurance costs in subsequent years are projected at somewhat more conservative rates than those projected by Segal. The City’s auditors will need to weigh in on whether and how the IBNR as of 6/30/18 is to be reflected in the Plan. The City will also address questions regarding an apparent shift in premium share across funds, and will confirm that non-health insurance benefits in the WPCA Fund have been adequately reflected.

The Plan includes $125,000 for additional positions to ensure administrative capacity. The City will provide a detailed plan and description of positions to be funded in advance of the FY 2020 budget process.

The revised Plan appears to fully fund the actuarially determined contribution (ADC) for both the Police and Fire pension funds. The City will verify that the Fire pension totals match the ADC. Mr. Hamilton asked whether the City’s charter has a requirement that the ADC be fully funded in the annual budget. Mayor Rossi indicated she was not sure, but that the Charter Revision process is underway in West Haven and may provide an opportunity to add such a provision.

Mr. Dakers noted that retiree health benefits are funded on a pay-as-you-go basis, though the plan begins to fund an OPEB trust with modest amounts beginning in FY 2020. He suggested the next 5-Year Plan for FY 2020-2024 take a more in depth approach to funding OPEB liabilities.

The revised Plan also amends the timeline for producing a study of the fire districts in the City. The City plans to select a consultant and develop a scope and plan for the study by December.

The revised Plan is based on the City achieving operational and administrative efficiencies that equate to approximately 1% of total expenditures, though reduced somewhat by the cost of implementing measures. Partial savings are shown in the current fiscal year. Members discussed the likelihood that savings would be achieved in the current fiscal year. Given the lead time necessary to implement efficiency measures, it was suggested that the efficiency savings shown in FY 2019 be removed. Mr. Eagan noted that efficiency savings are a significant driver of future surpluses projected for the City, and asked for a specific list of measures under consideration that could generate the necessary savings.

Committee members discussed the non-tax revenue assumptions in the Plan, including ECS and other State Aid. Level funding of ECS and other State Aid was suggested. Additional documentation and explanation of the projections for other revenue sources was requested.

Mayor Rossi addressed the Plan for the Allingtown Fire Fund and explained that a supplemental tax of about one mill for the current fiscal year to close a projected deficit.

**VI. Update by City re Status of Collective Bargaining Negotiations (possible executive session)**

This item was moved to the end of the agenda.

**VII. Presentation by the City Attorney re Legal Issues Associated with Creation and Potential Changes re Fire Districts**

The City’s Corporation Counsel Lee Tiernan described the process by which a special district in Connecticut may be terminated or dissolved. The district may be dissolved if 2/3 of the voters at a district meeting or in a referendum approve. The question of dissolution may be initiated by the district officers or by petition of the district voters. The district may not have liabilities when it terminates. Liabilities would either need to have been paid or the City would have to agree to absorb them. Members raised a number of issues concerning which obligations are included in the definition of liabilities and how state statutes and the federal bankruptcy code might apply to the West Haven fire districts. The City was asked for a copy of the related memo prepared by Mr. Tiernan.

**VIII. Review, Discussion and Possible Recommended Action re West Haven’s Tier Designation Under Public Act 17-2, June Special Session**

Mr. Wilson made a motion to recommend to the full MARB that steps to move the City of West Haven to Tier 4 not be taken. Mr. Hamilton seconded the motion. Members discussed the motion with several commenting that, while on one hand it would be premature to recommend moving West Haven to Tier 4, the full MARB had previously voted to invite the necessary additional board members to a future meeting so that the process could begin if the Board determined it necessary. The motion was amended to: Recommend to the full MARB to take no action on moving the City of West Haven to Tier 4 at this time.

The motion passed 4-0.

**Item VI. Update by City re Status of Collective Bargaining Negotiations**

The Board went into executive session at 12:30. In addition to MARB members and staff, Mayor Rossi and Beth Sabo went into executive session. The Board came out of executive session at 12:54. No votes were taken related to items discussed in executive session.

**IX. Discussion of Future Meeting and Agenda Items**

The next meeting of the full MARB is October 4. The next West Haven committee meeting has not yet been scheduled.

**X. Adjourn**

The meeting adjourned at 12:55 PM.