

DRAFT
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
MEETING MINUTES

Meeting Date and Time: Thursday, December 7, 2023, 10:00 AM – 12:00 PM

Meeting Location: Legislative Office Building
Hearing Room 1D
300 Capital Avenue
Hartford, CT 06106

Meeting materials can be found at
<https://portal.ct.gov/OPM/Marb/Full-Board-Meetings-and-Materials>

Call-In Instructions: Telephone: 1 860-840-2075
Meeting ID: 572 130 658

Members in Attendance: Jeff Beckham, (Secretary), Thomas Hamilton, Lisa Hammersley, and Robert White. By TEAMS: Andrea Comer (State Treasurer’s Designee), Stephen Falcigno, Sal Luciano, and Mark Waxenberg.

Municipal Officials in Attendance: Mayor Dorinda Borer, Ronald Quagliani, David Taylor, Rick Spreyer, Paul Dorsi, Matthew Cavallaro, Chief Michael Terenzio, Chief Stephen Scafariello and Paul Foster. TEAMS: Nicholas Pascale, West Haven City Council Chair, Julian Freund, Maureen Colman, First Selectperson Cheryl Blanchard and Melissa Sevigny.

Staff in Attendance: Kimberly Kennison, James Caley, John Mehr, Simon Jiang and Lori McLoughlin. TEAMS: Bill Plummer and Michael Reis.

- I. Call to Order & Opening Remarks by Jeffrey Beckham, Secretary and Andrea Comer, State Treasurer’s Designee

The meeting was called to order at 10:01 A.M. Secretary Beckham mentioned that the MARB has one city in the process of redesignating from a Tier III to Tier II and the Town of Sprague’s conditions for termination will be considered upon completion of its FY 23 Audited financial reports. He also noted that the City of West Haven has a new administration and welcomed its new Mayor, Dorinda Borer and the new Chairperson of the City Council, Nicholas Pascale.

- II. Public Comment Period

There was no public comment.

- III. Approval of Special Meeting Minutes, November 2, 2023

A motion to approve the Special Meeting Minutes for November 2, 2023, was made by Ms. Hammersley and seconded by Mr. Hamilton. The motion passed and the minutes were approved. Secretary Beckham and Mr. White abstained.

- IV. City of Hartford

a. Subcommittee Update

The Subcommittee did not hold a formal meeting. However, further action was taken to redesignate the City of Hartford from a Tier III municipality to a Tier II municipality. The City will attend the next Municipal Finance Advisory Commission (MFAC) on December 13th to provide an overview of the City's intent to continue to work with the MARB. The results of this meeting will be presented at the next meeting.

b. Review and Discussion: Monthly Financial Report: October 2023

Mr. Freund reported that the City is projecting an overall surplus of \$6.3 million with a favorable revenue of \$8.3 million and an overage in expenditures being \$2.0 million. The revenue surplus is driven by State aid PILOT money received earlier in the fiscal year plus Municipal Revenue Sharing being higher than budget. Expenditures are 31.6% of the budget, compared to 31.7% for the same period last year. The most significant change was a projected \$750,000 overage in legal fees and settlements. The City does continue to monitor overtime.

Mr. Foster presented the Board of Education (BOE) October report stating the overall general budget is at 33.5% of expenditures or an approximate \$31 million increase since September of which \$19 million covers tuition. The BOE built in its budget a 6% vacancy assumption and it's currently around the 6% number. Schools and departments were informed that all unencumbered budget funds more than 50% will be transferred from their budget. Then on March 15th, all unencumbered budget funds more than 60% will be transferred from their budget. The BOE has fully spent the ESSR1 and ESSR2 grants. The ESSR3/ARPA funding grant has a balance of \$42 million that will expire in September 2024 with the goal to have this spent by June 2024.

Ms. Kennison asked the City to confirm that the FY 23 audit will be completed by December 31, 2023. Mr. Freund responded they are on track to meet the December 31 date. Ms. Kennison asked the BOE about the plan for its budget for the upcoming year. Mr. Foster noted that the BOE is hoping to have the budget completed by March or April.

Secretary Beckham recommended that towns wait until the Governor's State budget is released in February before completing their budgets.

MARB members discussed the City and BOE financials.

V. Town of Sprague

a. Review and Discussion: Non-Labor Contract

i. Tanko Lighting – Consulting Service for Streetscape Improvement Project

The Town of Sprague received a State funded grant of \$1.3 million from the Department of Economic and Community Development for Streetscape Improvements consisting of LED lighting for all of the Town's streetlights. Ms. Blanchard reported that the Town has selected Tanko Lighting as the consultant to oversee this project. The Tanko contract amount is \$59,961 with the project lasting four to six months.

b. Update: FY 2023 Audit

Ms. Sevigny reported that the auditors have been onsite and are working towards finishing by December 31, 2023. Due to its financial performance, the Town has an \$800,000 surplus from the general fund which will trigger a payback to MARB. Sprague will need to have a Town Meeting to transfer to Capital Nonrecurring Fund (CNR) or record the liability to payback MARB in fiscal 2024. The auditors would like to know how MARB would like to proceed in order to meet the deadline.

Ms. Kennison stated that the intent of this Board as well as OPM Finance, has been to continue to be on the trajectory so that Sprague would be closing down the deficit in the CNR Fund. The Town will not have any deficits. Ms. Blanchard reported that there were two relatively small deficits; the Baltic Mill project, which needs to be completed by the contractors, and the State grant for the school roof. The Town is waiting for reimbursements and final documents from the State. Ms. Kennison requested that the Town provide draft financial statements in preparation for a meeting with OPM staff.

Mr. Luciano asked about the school budget related to the funding of special education needs. Ms. Blanchard reported that the Board of Education school budget has been going very well. It has been coming in under budget by being frugal and cautious with its spending.

c. Review and Discussion: Monthly Financial Report: October 2023

Ms. Blanchard reported that revenues and expenditures are on target. Current projections reflect interest income will increase by \$100,000.

VI. City of West Haven

a. Subcommittee Update

The Subcommittee met on November 30, 2023. A written report was included in the meeting package and on today's agenda.

b. Presentation: FY 22 Audit Reports and Update on FY 23 Audit

The City of West Haven Annual Financial Report (AFR) for the year ending June 30, 2022, has been issued. The City's auditor is not available to discuss the AFR today but will be able to attend the next MARB meeting. The City is here to provide an update.

Mayor Borer thanked the MARB for all the work and collaboration towards restructuring the City of West Haven. She introduced the new City Council Chair, Nick Pascale, Treasurer, Rick Quagliani, Chief of Staff, Rick Spreyer, and Corporate Counsel, Paul Dorsi. She reported there are many newly elected officials, and her administration is working on other personnel changes.

Mr. Taylor reported that the FY 22 Audit was submitted to OPM on November 28, 2023, and to the Moody's rating agency before the November 30, 2023 deadline. Mr. Taylor commented on the financial statements and findings. There were no surprises and, as projected, a \$2.3 million surplus. The Corrective Action Plan had nine findings and seven have been addressed with policies, procedures and controls currently being put into place.

Ms. Kennison stated the City needs to continue to focus on the repeated findings, while some progress has been made, many have been delayed due to vacancies.

Ms. Kennison commented on the FY 23 audit. She reminded the members that Protiviti will be assisting the City with the goal of completing the audit by June 30, 2024.

Mr. Hamilton asked the Board of Education to comment. Mr. Cavallaro reviewed the three audit findings. The segregation of payroll duties, which occurred during the implementation of the ADP payroll system, is being corrected with HR involvement in 2024. The monitoring of subrecipients of the school readiness grants has been corrected. The last finding related to certified payrolls for a modular classroom bid but does not expect this to be a recurring finding.

c. Review, Discussion and Possible Actions: 5-Year Plan

Mr. Beckham noted that at the November 30, 2023 meeting of the West Haven Subcommittee it approved the 5-Year Plan to be sent to the full MARB for consideration in December.

Ms. Kennison was pleased to report that there is a 5-Year Plan for the City of West Haven and thanked Mr. Taylor and staff for all their efforts to get this accomplished.

Mr. Taylor reviewed the revised FY 2024–2028 5-Year Plan stating that every year of the 5-Year Plan is balanced. The plan is to fund the general fund, the internal service fund deficit, and accelerate the funding of Other Post-Employment Benefits (OPEB). The pension plans are funded at the actuarially determined contribution (ADC) following the actuary's guidance. The plan has some levers to handle emergencies by delaying noncritical items. Capital spending decisions looked at the needs to keep the City running and also an update to the water pollution capital spending. The unallocated contingency line was greatly increased to ensure there are funds to make changes or to hire for new positions that are not in the plan but are being suggested by Whittlesey. The Board of Education is at its original ask with no changes and no changes to the teachers' contract. The 5-Year Plan does not reflect the changes to the police pension plan, the brewery lease, and the effects from the grand list revaluation. The changes in debt service are an outgrowth of the capital plan changes.

Mr. White expressed his concerns about the mill rate growth. This should be a conversation point for the FY 25 budget.

A motion to approve the 5-Year Plan FY 24-28 for the City of West Haven was made by Mr. White and seconded by Mr. Falcigno. Motion passed unanimously.

d. Discussion: Draft Whittlesey Assessment Report – Phase I

Ms. Kennison reported that Whittlesey is finalizing the Phase I Report. Before being issued, all the vulnerable items had to be addressed by the City. However, the new Mayor has not yet been fully briefed on the details. The City will be working to provide a response to Whittlesey's report stating those items that the City have addressed and where corrections were made. A draft report will be submitted to MARB members before the new year.

e. Review, Discussion and Possible Actions: Labor Contracts:

i. Fire Districts Hazard Duty Pay Request

Fire Chief Terenzio presented the three fire districts request for hazard duty pay during the Covid 19 pandemic for West Haven firefighters and emergency medical response personnel to be funded with ARPA funds. At its July 11, 2022, meeting, the West Haven City Council appropriated \$1,030,000 for Emergency Management Services (EMS) eligible workers hazard duty pay for the period of March 3, 2020, through to March 3, 2021.

Secretary Beckham asked if the request is \$10,000 per employee per firefighter. Fire Chief Scafariello, responded that they should be able to come to a compromise between the City Council, the MARB, and fire departments.

Mayor Borer updated the MARB on her meeting with the fire departments. She will work with the West Haven Subcommittee to address hazard duty pay.

Several board members expressed their concern but are willing to revisit a renegotiated hazard duty pay package.

Secretary Beckham requested that Staff refine the proposal with the City and the fire districts for continued discussed at the next meeting.

f. Review, Discussion and Possible Actions: Non-Labor Contracts:

i. Rock Street Brewery, LLC – Land Lease

This agenda item has been put on hold pending the period to file an appeal related to Planning and Zoning. The City will be presenting the land lease at a later MARB meeting.

ii. Motorola Solutions – Radio Equipment Purchase for West Haven Fire Districts

The three fire districts in West Haven were awarded \$927,000 from the Federal Emergency Management Agency (FEMA) through the Assistance to Firefighters Grant program to replace the departments' two-way portable communications equipment. The manufacturer of the equipment was chosen through a State of Connecticut bid contract with a cost of proposal of \$1,500,340.05 that is valid through December 15, 2023. The shortfall between the FEMA grant and the manufacturer proposal will be funded through the three fire districts operating budgets.

A motion to approve the purchase of radio equipment for the fire districts was made by Mr. Luciano and seconded by Mr. White. Motion passed unanimously.

iii. West Shore Fire District – ARPA Grant

On July 25, 2023, the West Haven Subcommittee members toured three fire stations before the Subcommittee meeting. The West Shore Fire District is using its ARPA funds for fire station improvements for living quarters upgrades and for fixing water runoff problems. An agreement for \$975,000 between the City's ARPA Committee and the West Shore Fire District defines the terms of this arrangement.

The West Haven Subcommittee at its November 30, 2023, meeting approved this ARPA Grant for the West Shore Fire District to be sent to the full MARB for consideration at the December meeting.

Board members expressed concern about this and requested this item be deferred. Secretary Beckham held this item until the next meeting.

iv. Coastal Technical Sales, Inc. – WPCA Hypochlorite Storage Tanks

The City of West Haven is looking to remove an existing 9,150-gallon tank and install two (2) 6,600-gallon tanks at the City's Water Pollution Control Plant. The City went out on October 3, 2023, for bids for a contractor to remove and to install the storage tanks. One bid was received. Coastal Technical

Sales, Inc. was awarded the bid of \$92,159.63. This project is being funded out of the Water Pollution Control Authority (WPCA) operating budget.

The West Haven Subcommittee at its November 30, 2023, meeting approved this removal/purchase agreement for the storage tanks to be sent to the full MARB for consideration in December.

A motion to approve the removal, the purchase and the installation of storage tanks was made by Mr. Luciano and seconded by Mr. Hamilton. Motion passed unanimously.

v. Bridges Health Care, Inc. – ARPA Mental Health Grant

The City and the MARB approved using \$100,000 ARPA funds for a Mental Health Grant. The City advertised for applications on July 17, 2023, with a closing date of August 28, 2023. The ARPA Committee reviewed and approved this application submitted: by Bridges Healthcare, Inc. for \$100,000 out of the “Mental Health Grant.” Bridges will provide child and adult outpatient services, psychiatric evaluation and medication management, and mobile crisis opioid services among its services. Bridges is aware that this is a one-time grant.

The West Haven Subcommittee at its November 30, 2023, meeting approved this grant for Bridges Healthcare to be sent to the full MARB for consideration at the December meeting.

A motion to approve a \$100,000 grant to Bridges Health Care, Inc was made by Mr. Luciano and seconded by Ms. Hammersley. Motion passed unanimously.

g. Review and Discussion: Monthly Financial Report: October 2023

Mr. Taylor and Mr. Cavallaro provided updates on the City and BOE financials, which are right on track.

h. Open Items List

Mr. Taylor made a request to pass on this item in order to respond more thoroughly.

VII. Other Business

a. Review, Discussion and Possible Actions: MARB 2024 Meeting Calendar

Secretary Beckham noted that the proposed 2024 MARB meeting dates were provided for review. The number of meeting dates has been reduced to every other month, except during the budget process cycle.

A motion to approve the MARB 2024 Meeting Calendar was made by Ms. Hammersley and seconded by Mr. Hamilton. Motion passed unanimously.

VIII. Adjourn

Mr. Luciano made a motion to adjourn, seconded by Mr. White. The motion passed unanimously. The meeting was adjourned at 12:38 p.m.