

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Tuesday, April 16, 2019 10:00 AM – 12:30 PM

Meeting Location: West Haven City Hall, Harriet North Courtroom, 355 Main Street, West Haven, CT

MARB West Haven Subcommittee Members Present: Secretary McCaw (phone), Deputy Treasurer Savitsky, Commissioner Jackson, Patrick Egan, David Walker (phone)

Other MARB Members Present: Robert White

Staff and Others Present: Alison Fisher (OPM), Julian Freund (OPM), Marie Moylan (Treasurers Office, phone)

I. Call to Order & Opening Remarks

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

II. Approval of minutes: March 12, 2019

A motion was made by Commissioner Jackson with a second by Mr. Egan to approve the minutes of the 3/12/19 subcommittee meeting. The motion was unanimously approved with one abstention (Ms. Savitsky).

III. Review and Discussion: Recommended FY 2019/20 Budget

Finance Director Frank Cieplinski provided an overview of the Recommended FY 2020 Budget. The budget, as proposed, reflects grand list increases and does not raise the mill rate. The budget was built as a zero-based budget. No reductions in public safety staffing are made. The budget does not include any of the efficiency savings from the 5-Year Plan because they are still soft savings. Projected energy savings are still being formulated.

Secretary McCaw noted that grand list growth exceeded expectations but that the reliance on municipal restructuring funds was not modified. The order of preference would be for the City to cover its own costs to the extent possible before figuring in a state subsidy.

Mr. Walker asked how much additional revenue is generated by grand list growth. Mayor Rossi indicated about \$1 million. Mr. Walker indicated he shares the philosophy of the Secretary regarding reliance on state subsidy. Mr. White asked about what drove the higher than expected grand list growth. Mayor Rossi referred to development projects and indicated the assessor used conservative estimates when providing information for the 5-Year Plan.

OPM's analysis of the recommended budget and its alignment with the 5-Year Plan was reviewed. The previously forecasted mill rate increase and the flat mill rate in the recommended budget were discussed. The Mayor explained that she felt a mill increase would be harmful to the community and would not be necessary due to other changes, such as position cuts and overtime reductions, in the budget. The mill rate, when including the fire districts, would exceed 50 mills which others have described as uncompetitive. Mr. White asked about what will happen to the \$1.75 million in the current year budget. Mr. Freund responded that it would roll into fund balance. Secretary McCaw added that the full amount going to fund balance is contingent on the City receiving the full MRF amount in the current year. Overview of the budget and 5-Year Plan also

noted that State Aid is consistent with the plan and the Governor's proposed budget. Expenditures decrease by approximately \$1 million overall. Some staffing reductions are included. Pension contribution is based on Milliman's estimate of the ADEC, but is about a half million less than previously forecast in the plan. Health insurance increases by 7.6% year over year and reflects the figures in the plan. Some expenditure modifications to adjust for actuals are reflected. Debt service does not appear to include the potential impact of a public infrastructure bond in the fall, but does include interest related to planned borrowing for the high school project. An apparent error in funding for Education shows a reduction of about \$330,000. The 5-Year plan was premised on a modest increase of 0.4% in each year of the plan. The intent of the recommended budget appears to have been to level fund Education and to pass through any increase in Alliance grant funding to the BOE. The recommended budget did not include the planned health claims margin of about \$319,000 or the advance funding of OPEB at \$50,000.

Secretary McCaw suggests reconsidering the elimination of the health claims margin and is looking for an implementation plan for moving on health insurance options. Commissioner Jackson noted the small increase in ECS funding. That is attributable to prior year adjustments for special education. The significant increase is in the Alliance grant which will flow to the BOE. Mr. Egan questioned the absence of efficiency savings in the recommended budget. He noted that the City is still dependent on municipal restructuring funds to balance the budget and that without state support, the improvements in fund balance would not have occurred. He asked about the process for adjusting certain staff hours from 35 per week to 40. This was done via memoranda of understanding with the bargaining units. He asked for background on these changes. A copy of the Council resolution regarding leave time sellback was also requested. Deputy Treasurer Savitsky suggested that Segal come to a meeting to discuss their analysis of health insurance options. Internal meetings are in progress reviewing and validating the projections.

Mr. Walker said that in his view the City does not have a surplus, but has a deficit. He does not favor requiring a tax increase if it's not necessary. However, the MARB's job is to ensure the city is meeting bottom line objectives, including building a fund balance. The City needs to make changes, but not rely on state money as a subsidy. Commissioner Jackson said he is concerned with investment in West Haven. He believes the value proposition of West Haven is what needs to be presented and the budget needs to invest in the right places. Mr. White indicated that efficiencies are an investment in the future.

IV. Review, Discussion: Updated 5-Year Plan

A brief overview of the 5-Year Plan that was submitted was provided. This item was tabled for future meeting as additional components of the plan need to be completed.

V. Other Related Business

Mr. White asked about the April payment of MRF to the City and whether there will be discussion about that and subsequent payments. MRF payments and the possibility that they be earmarked for certain expenses are open for discussion. Members discussed the budget approval process and asked that OPM's counsel weigh in on the requirements.

VI. Adjourn

The meeting adjourned at 11:50 AM