

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

SPECIAL MEETING DRAFT MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Monday, June 24, 2019 10:00 – 12:00 PM

Meeting Location: Board of Regents Conference Room, 61 Woodland Street, Hartford, CT

MARB West Haven Subcommittee Members Present: Kimberly Kennison (Secretary McCaw's designee), Deputy Treasurer Savitsky, Commissioner Jackson, Patrick Egan, Thomas Hamilton

Other MARB Members Present: Robert White

Staff and Others Present: Gareth Bye (OPM), Alison Fisher (OPM), and Julian Freund (OPM)

Agenda

- I. Call to Order & Opening Remarks
Ms. Savitsky called the meeting to order at 10:02 am.

Mayor Rossi joined the meeting via telephone.
- II. Approval of minutes: May 14, 2019
A motion to table the approval of the May 14, 2019 meeting minutes was made by Pat Egan with a second by Kim Kennison. The motion was unanimously approved.
- III. Review, Discussion and Possible Action: 5-Year Plan, FY 2020 – FY 2024
Mr. Freund provided an overview of the City's Five-Year Recovery Plan, which includes \$1.25m in efficiency savings, an FY2020 budget as approved by the MARB, state aid estimates at FY2019 levels, a reduction in recovery funds with a full phase out by FY2023, and a table including an analysis of the City's fund balance over the five year period of plan. Mr. White asked if the City Council had taken action on the Recovery Plan, to which Frank Cieplinski (Finance Director for the City of West Haven) responded that they had not. Mr. White and Mr. Egan both expressed concern about this.

Mr. Hamilton asked about the efficiency savings of \$1.25m, and if there was a plan to achieve it. Mr. Michael Milone (a MARB consultant working with the City) responded that the savings is comprised of the health insurance transition (\$550k-\$1m), bidding electricity (estimated at \$250k), and other initiatives, such as savings in telecommunications and trash/recycling. Mr. Hamilton then asked if the plan assumes funding for Allingtown Fire's ADEC and City OPEB. Mr. Cieplinski replied that yes, the ADEC is included, and OPEB is funded at \$50k in FY2020 and grows to \$125k in FY2024.

Commissioner Jackson noted that the plan assumes an aggressive 3% compounded increase in Other Revenues year over year, but he would expect to see a peak and a decline, rather than consistent increases. He also stated that the mill rate mill rate increases in the out years are very high and that the City must maintain a healthy fund balance, particularly because of its geographic location being below sea level.

Ms. Savitsky shared her concern that the City has Management Letters and studies that outline what the City should do, but that there is a lack of implementation planning to get it done. The segregation of duties issue, as cited in fiscal audits dating back to 2012, should be dealt with now. Mr. Lee Tiernan (Corporation Counsel for the City) responded that the City does not have an issue with implementation. Mayor Rossi commented that the City is moving along to address that issue. Mr. Milone added that he hopes the Board will use its oversight and influence to encourage the City to make necessary changes.

Mr. Tiernan provided an update on the sale of Styles and Thompson schools and indicated that he would send the signed MOAs to OPM this week. He added that the City has provided developers with access to the sites for an environmental review. Mr. Tiernan continued with an update on The Havens project, stating that the last site closing took place within the past month. DECD has asked for a meeting on July 16th regarding upcoming demolitions.

Ms. Savitsky requested that a written document with timelines and key items for all current and future development projects be provided in advance of the next Subcommittee meeting.

Mr. Egan requested an update on the Fire Service Study. Mr. Cieplinski responded that he does not yet know if the Fire Chiefs have accepted the study as amended.

IV. Review, Discussion and Possible Action: Conditions for FY 2020 Municipal Restructuring Funds

Ms. Savitsky entertained a motion to table this item. Mr. Egan made the motion to table, with a second by Commissioner Jackson. The motion passed unanimously.

V. Update: State Partnership Transition Planning

Mr. Milone provided a summary of a letter sent to the Board, from Mayor Rossi, dated June 20, 2019. The letter included the City's plan to transition to the State Partnership Plan, their intent to work with the unions closely, and critical issues that the City needs to address.

Seth LaVigne, Account Executive with Lockton Companies, provided an overview of the disruption report pertaining to the City's transition. The report noted the following issues that were analyzed: if there is a comparable network (including both prescription coverage/availability and in-network providers); what the pharmacy formulary is; and a comparison of high level benefits (e.g. copays and deductibles).

In relation to the first issue, Lockton found that 96% of the providers in the City's current network are also in the Partnership Plan and 16% of the prescriptions used by the City would either not be available or would be more expensive under the Partnership Plan.

Mr. Hamilton asked if the City had begun discussions with the State regarding how the transition is handled. Mr. Milone responded no, but that the City will begin active discussion and ongoing dialogue with the State starting this week. The City has set a target date of 9/30/19 for submitting an application to the State.

Mr. Hamilton suggested the City should include a clause in the contract that allows the City to return to its high deductible health plan if the Partnership Plan becomes more expensive than anticipated increases. Mr. LaVigne stated that Lockton will be providing the City with contract language that they've used in other municipalities for this transition.

Mr. Egan suggested the City consider transitioning to the Partnership Plan faster. He asked if the unions had been engaged in the transition conversation yet. Mr. Milone responded that they had not, because the City wants to be prepared to answer all of their questions first. Mr. Egan expressed his concern that the City had not yet engaged the unions. He also recommended that the City develop a plan, should they go to arbitration on any related issues.

Ms. Kennison recommended that City have a contingency plan in place, overall, in case the savings don't materialize as expected.

VI. Adjourn

A motion was made by Mr. Egan, with a second by Mr. Hamilton, to adjourn the meeting. The motion passed unanimously, and the meeting was adjourned at 12:04 pm.