

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Thursday, July 25, 2019 10:00 AM – 12:00 PM

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

MARB West Haven Subcommittee Members Present: Secretary Melissa McCaw, Deputy State Treasurer Linda Savitsky, Commissioners Patrick Egan and Tom Hamilton (phone)

Other MARB Members Present: Robert White, Stephen Falcigno

Staff and Others Present: State Representative Dorinda Borer, Gareth Bye (OPM), Julian Freund (OPM), Kimberly Kennison (OPM), William Plummer (OPM)

City Staff Present: Mayor Nancy Rossi, Frank Cieplinski, Fred Messore, Lee Tiernan, Michael Milone (OPM liaison)

I. Call to Order & Opening Remarks

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

II. Approval of minutes

May 14, 2019 minutes: Commissioner Egan identified a change that he believed should be reflected in the minutes. He indicated that his discussion at the May meeting revolved around the City moving back to a defined benefit pension plan, not to a 401K plan as was indicated in the minutes presented. The minutes as amended for the change were unanimously approved with one abstention (Commissioner Hamilton).

June 24, 2019 minutes: Mayor Rossi indicated that she is requesting that the minutes be amended to reflect her attendance to the meeting by phone. The minutes amended for the change were unanimously approved.

III. City of West Haven Presentation – Beach Street Reconstruction Project

State Representative Dorinda Borer introduced herself and indicated that she was at the meeting today to assist the City with its presentation of the project. She also introduced Fred Messore, the City of West Haven's commissioner of planning and development.

Representative Borer described the project and how she believes it will benefit the City's economic outlook, safety evacuation plan, and waste water treatment plant. She indicated that the project is to occur in 3 phases, with the first phase having been funded for \$3.5 million but that there were no funds currently in place for phase 2 (estimated at \$2.0 million) and phase 3 (estimated at \$3.2 million). She is aware that the MARB has agreed to provide \$4.1 million to the City to assist with financing its FY 2019-20 budget. It is her and the Mayor's belief that potentially, the MARB could have provided up to \$6.0 million to the City for FY 2019-20, and therefore the City is proposing that the MARB allow the unused \$1.9 million to be used for this project. Mayor Rossi and her staff provided additional details regarding the project including environmental matters.

Commissioners asked a number of questions regarding the project. Based upon the City's answers, Commissioners indicated that there did not seem to be sufficient specific details as to revenue generation from the project in terms of commitments from private developers, grand list growth, etc. Secretary McCaw indicated that based upon the presentation by the City, she is in agreement with Commissioners in that the project has not matured enough whereby the City is in a position to determine through analysis the specific economic and fiscal impact to the City. Until the project has proceeded further, the City should seek other avenues for possibly funding the project, including other State sources that might be available. She also stated that the MARB legislation, including its implementing language, did not specify that the City was entitled to receive the complete \$6.0 million in restructuring funds.

IV. Update: Status of City Council Action on FY 2020 Budget

Secretary McCaw stated that the City Council did adopt the City's FY 2019-20 budget with the changes recommended by the MARB.

V. Review, Discussion and Possible Action: 5-Year Plan, FY 2020-FY 2024

Mr. Freund provided a summary description of the latest 5-year plan and the options available to the subcommittee. Frank Cieplinski, the City's finance director inquired as to whether the City Council is required to approve the 5-year plan. Secretary McCaw indicated that based upon research by OPM it did not appear that the City Council is legally required to approve the plan but that based upon past practice, the Council has previously approved such earlier plans. Therefore, the MARB is requiring the City Council's approval of the 5-year plan.

Commissioner White expressed his concerns with the 5-year plan, including the revenue assumptions for 4 years of property tax increases. It is his observation that there is a lack of a true commitment on the part of the City to the tax increases assumed in the 5-year plan. Commissioners Egan and Falcigno indicated their agreement with Commissioner White regarding the apparent lack of commitment to the tax increases assumed in the 5-year plan.

Commissioner Hamilton stated that City Council and others have expressed in the past their disagreement with the tax increases that would appear to be needed as part of the 5-year plan. It is his observation that even in towns and cities in Connecticut with grand list expansion and growing economic activity, the organic growth in the grand list has been 2% to 3% on average at best. These additional revenues generated by grand list growth has not kept pace with the increasing costs to towns and cities for pension, retiree health care and salaries. Therefore, it is his belief that ultimately, the City's 5-year plan must include on a regular annual basis, modest increases to the mill rate/tax levy. He did however, notice that the mill rate increase for FY 2020-21 appeared to be high. He recommends that the City review the 5-year plan with the goal of smoothing out the rate of increase.

Secretary McCaw indicated based upon comments made by Commissioners in today's meeting, there is a concern that the 5-year plan is a plan on paper only and that the City is not taking ownership of the plan and is not committed to implementing the plan with the assumed tax increases. She asked the Mayor whether she was prepared today to commit to implement the 5-year plan based upon the assumptions included in the plan as put forth by the City. The Mayor indicated that she would commit to follow the 5-year plan but it was her intent to continue to seek additional revenue growth and additional cost savings that have not been included in the 5-year plan, whereby the level of tax increases called for in the plan could have the opportunity to be lowered.

Secretary McCaw made a motion to table any action to be made by the subcommittee related to the 5-year plan. Commissioners unanimously approved the motion.

Secretary McCaw made a motion to table agenda items VI, VII, and VIII indicated below. Commissioners

unanimously approved the motion.

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

VII. Update: State Partnership Transition Planning

VIII. Update: FY 2019 Audit Work Plan

IX. Adjourn

The meeting adjourned at 12:06 PM