

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

SPECIAL MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Tuesday, May 19, 2020 2:00 PM – 4:00 PM

Meeting Location: This was a telephonic meeting. Meeting materials may be accessed at the following website:
<https://portal.ct.gov/OPM/Marb/West-Haven-Committee-Meetings-and-Materials>

Call-In Instructions:

Telephone Number: (860) 840-2075

Meeting ID: 276 681 093

Members in Attendance: Kimberly Kennison (OPM Secretary designee), Christine Shaw (State Treasurer designee), Thomas Hamilton, Patrick Egan, Robert White, Stephen Falcigno, Secretary McCaw (joined meeting at 3:03 PM)

City Officials in Attendance: Mayor Rossi, Frank Cieplinski, Lee Tiernan, Chief Esposito (Allingtown Fire District), Chief Scafariello (West Shore Fire District), Chief O'Brien (First Tax District), Representative Dimassa, City Council President Quagliani, Council Member Massaro, Deputy Chief Sweeney (First Tax Dist.), Chair of First Fire District Sweeney, Mike Zisek (First District), Council Member Cohen, Council Member Bruneau (and chair of West Shore Fire District), Council Member Johnston, Council Member Gallignano, Council Member Hamilton, Council Member Donovan, Council Member Hoskie, Council Member O'Connor, Commissioner Diaz (Allingtown), Commissioner Nunley (Allingtown), Matt Cavallaro

OPM Staff in Attendance: Mike Walsh, Julian Freund, Michael Milone, Bill Plummer

I. Call to Order & Opening Remarks

The meeting was called to order at 2:08 PM

II. Approval of minutes: April 28, 2020

A motion was made by Ms. Shaw, with a second by Mr. White, to approve the minutes. The minutes were approved unanimously with an abstention by Mr. Egan.

III. Update: Fire Districts

Ms. Kennison welcomed representatives of the fire districts and commissioners. Mr. Walsh provided an overview of the proposed FY 2021 budgets of the West Shore Fire District and First Tax District. He noted that the proposed budgets made some progress toward recommendations made in the previously prepared Fire District Study.

The First District mill rate on Real Estate and Personal Property will be increasing by 1 mill to 12.99 mills in the proposed budget, a significant step to achieving a sustainable budget. \$788K MV transition not included.

Additional contributions of almost \$700,000 to the pension fund. Increase of \$300,000 in proposed contributions to OPEB. The proposed budget uses \$253,000 of fund balance. Pension and OPEB valuations are in the process of being prepared, and are anticipated in August. The district is in the process of developing a 5-year plan to close the gap between its Actuarially Determined Contribution and its budgeted contributions. Also noted were steps taken in recent years to improve the district's financial outlook, including the establishment and beginning of funding of OPEB accounts in FY 2019, the beginning of funding OPEB for new hires beginning in FY 2020 and the closing of the defined benefit pension plan to new hires in 2008.

The West Shore mill rate for Real Estate and Personal Property increases by 0.75 mills to 11.129 mills in FY 2021. Some additional funding is provided for OPEB. Pension and OPEB valuations are under development. A preliminary analysis by the actuary firm suggests that the district will continue to be able to pay pension benefits, provided the district, at a minimum, level funds pension contributions through 2025.

For both districts, Mr. Walsh recommended that the State Motor Vehicle Transition Grant be included in the budget and be allocated to funding long term liabilities. Members briefly discussed benchmarking the district budgets to similar operations. OPM staff will work with the districts to prepare some comparisons with other communities.

Secretary McCaw commended the leadership of the City and fire districts for their work on challenges confronting the fire districts.

IV. Review, Discussion and Possible Action: Recommended FY 2021 Budget

The Subcommittee reviewed the original proposed budget at its April meetings. The City Council has taken action on the budget with some adjustments. The City Council's changes did not alter the mill rate, but reallocated certain expenditures. Reductions across overtime accounts and reductions to the Capital Fund are largely offset by an increase in the Contingency account. Secretary McCaw noted that the fire district budgets provide additional context to the discussion of the City's FY 2021 budget. Mr. Quagliani noted that the Council would have preferred to lower the mill rate, but opted instead to approve the mill rate as proposed and to reallocate funds to the Contingency account due to the uncertainty in the economy.

Members discussed the impact of the pandemic on City finances. City staff explained that refunding of approximately \$250,000 in summer program fees will be reflected in FY 2020 projections. The reduced interest rate on delinquent taxes is projected to result in a loss of between \$75,000 to \$125,000.

Secretary McCaw asked about the City Council's plans for review and approval of an updated 5-Year Plan. The MARB will likely approve the budget and the updated 5-Year Plan simultaneously or approve the budget contingent upon final approval of the updated 5-Year Plan. She advised that in any case, the MARB will seek the City's approval of the plan should be one that the Council follows through on implementing. Mr. Quagliani responded that once the City Council formally receives the plan, it can be placed on a City Council agenda, potentially the May 26th meeting.

Members discussed concerns with some of the assumptions used in the budget and 5-Year Plan and the City's commitment to the 5-Year Plan.

The City was asked about the impact of certain operating reductions made to the proposed budget by the City Council. Mr. Cieplinski noted that some of the reductions, such as the delay in the hiring of a purchasing position, may effect the City's ability to implement corrections to prior year audit findings or to address administrative capacity. Mayor Rossi responded that the reductions made to some of the Police Department capital needs, such as vehicle replacement, may not be sustainable. The outsourcing of information technology is also a concern to the Mayor. The additional funding of the Contingency account was noted as a positive development.

Secretary McCaw commented on the additional Contingency funding and added that although the FY 2021 proposed mill rate is lower than originally planned, the increase in the fire district mill rates places the mill rates in a different context.

A motion was made by Ms. Shaw, with a second by Mr. Falcigno, to approve sending the FY 2021 Budget as approved by City Council, to the full MARB for consideration. The MARB, in its consideration of the budget, may make approval of the budget contingent on City Council approval of an updated 5-Year Plan. The motion passed 6-0-0.

V. Review, Discussion and Possible Action: 5-Year Plan FY 2021-2025

A motion was made by Mr. White, seconded by Mr. Hamilton, to recommend to the Mayor that the 5-Year Plan be submitted to the City Council for approval. The motion passed 6-0-0.

VI. Adjourn

The meeting adjourned at 4:08 PM.