

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Tuesday, April 20, 2020 10:00 AM – 12:00 PM

Meeting Location: This was a virtual 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: 177 779 139

Members in Attendance: Kimberly Kennison (OPM Secretary designee), Christine Shaw (State Treasurer designee), Thomas Hamilton, Robert White, Stephen Falcigno, Patrick Egan (joined after adoption of minutes)

City Officials in Attendance: Mayor Rossi, Frank Cieplinski, Lee Tiernan, Rep. Michael DiMassa, Matt Cavallaro

OPM Staff in Attendance: Julian Freund

I. Call to Order & Opening Remarks

The meeting was called to order at 10:06 AM.

II. Approval of minutes:

a. March 23, 2021

Mr. Hamilton made a motion to approve the minutes, with a second by Mr. White. The motion passed unanimously.

III. Review, Discussion and Possible Action: 5-Year Plan FY 2022 – FY 2026

Mr. Cieplinski presented the updated 5-Year Plan. Grand list projections in FY 2023 reflect the beginning of demolition related to the Havens project as well as the lapse in tax abatements to two apartment complexes. Revenues are generally consistent with prior updates to the plan. A placeholder for additional revenue from the new formula for tiered PILOT payments have been included in the out-years of the plan. No new hires are included in the plan. Health insurance costs reflect a 7% per year escalation for current employees and 15% per year for retirees. Debt service incorporates estimated payments on future bond issues as projected in the City's capital improvement plan. FY 2023 debt service declines significantly due to the completion of prior pension obligation bonds before rising again as a result of planned borrowing for the high school project and other projects.

Mr. White asked about tax appeals related to the 2020 revaluation. Mr. Cieplinski indicated he has not been notified of any significant appeals. Mr. White suggested a short addendum to the plan depicting the criteria for ending designation and MARB oversight.

FY 2022 is consistent with the budget as proposed and previously reviewed by the MARB with the exception of the Allingtown Fire Fund which has been updated in response to feedback from the MARB. The mill rate for FY 2022 has been adjusted upward and additional contributions to the pension fund and to pre-fund OPEB have been included.

General Fund balance is projected to reach 6% of expenditures by FY 2026. Ms. Kennison asked for an exhibit that presents the original fund balance projections along with the revised fund balance projections in the updated plans and the current proposed update to the plan.

Members discussed the list of Covid related expenses in FY 2022 provided by the City. The Mayor expressed that her conversations with other officials and indicated she believes all of the anticipated expenses will be eligible uses of ARPA funding. Ms. Kennison asked about the suggestion to include the expenses and the related ARPA funds in a special revenue fund instead of the General Fund operating budget. Since a significant portion of the identified Covid related expenses that are expected to be eligible for reimbursement are part of the City's base budget, segregating these costs in a special revenue fund would create a budgetary challenge in the subsequent fiscal year. Ms. Kennison noted that some items on the list appear to be duplicate items and that one of the expenses is a contingency item. Members asked the City to review the list.

Mr. Egan asked about whether the new mortality rates have been adopted in the Allingtown pension valuation. Mr. Cieplinski indicated that he would check with the actuary firm. Mr. Egan asked whether anything is being done to bolster the Fire pension fund. Mr. Cieplinski indicated that an additional \$650,000 over the ADEC is funded in the current year and an additional \$350,000 above the ADEC in each year of the 5-Year Plan. He would have to check with the actuary to find out what the impact of the additional contributions would have on the liability. Mr. Falcigno said that the City needs to address the pension liability more forcefully. Ms. Kennison suggested that a recap of the actuary's analysis be provided for the next MARB meeting.

Ms. Kennison suggested a plan for addressing the internal service funds deficits be included in the 5-Year Plan.

IV. Review, Discussion and Possible Action: FY 2022 Recommended Budget

The written feedback to the City regarding its proposed budget were provided in the meeting materials along with the status of the City's response to each item. Members discussed the Education budget and the various sources of funding for Education.

Mr. Tiernan provided an explanation of the current legislative proposal to allow for the establishment of a Special Taxing District that would encompass the Havens project area. The purpose of creating the district would be to issue revenue bonds that would fund currently unfunded improvements within the project.

Ms. Kennison outlined open items from the feedback previously provided to the City which include, among other items, a contingency plan for ARPA and a plan for addressing internal service fund deficits. Members were asked to submit to OPM additional questions regarding the FY 2022 budget by the end of the day so that they could be communicated to the City in advance of a special meeting to be scheduled.

V. Update: Corrective Action Plan

Mr. Cieplinski referred to an updated corrective action plan that was included in the meeting materials. The Purchasing Manager is currently transitioning into the position from payroll. A review of the purchase order process will be reviewed by the Purchasing Manager. The RFP for pension investment advisory services is out. The Allingtown pension issue is being reviewed by Clifton Larson Associates, and previous overpayments are being pursued for recovery.

VI. Adjourn

A motion was made by Mr. Egan, with a second by Ms. Shaw. The meeting adjourned at 11:56 AM.