

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Thursday, June 9, 2022, 10:00 AM – 12:00 PM

Meeting Location: This was a virtual meeting. Meeting materials may be accessed at the following website:
[Municipal Accountability Review Board \(ct.gov\)](https://www.ct.gov/marb)

Call-In Instructions:

Telephone Number: (860) 840-2075

Meeting ID: 670 119 53

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

Other MARB Members in Attendance: Mark Waxenberg

City Officials in Attendance: Mayor Rossi, Scott Jackson, David Taylor (consultant), Michael Andreana (bond counsel)

OPM Staff in Attendance: Michael Milone (OPM Liaison), Julian Freund

I. Call to Order & Opening Remarks

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

II. Approval of minutes:

a. April 26, 2022 Regular Meeting

A motion to approve the minutes was made by Ms. Shaw, with a second by Mr. Falcigno. The motion passed 5-0-1 with Mr. White abstaining.

III. Update: FY 2021 Audit

The Subcommittee was advised that the City has engaged PKF O'Connor Davies as the auditor to conduct the FY 2021 and FY 2022 audit. The Council has approved the contract. A timeline has not been established yet. Ms. Kennison asked if the engagement provided for a deeper audit than a standard audit and includes an assessment of Information Technology. City staff said a copy of the engagement would be provided.

IV. Review, discussion, and possible action: 5-Year Plan

The Subcommittee reviewed the City's updated 5-Year Plan. The lack of a 5-Year Plan had previously been identified by the MARB as a barrier to approving the City's FY 2023 Budget. The board is specifically seeking to see if the Plan fully funds the proposed Police contract.

Mayor Rossi indicated that the Police contract is funded the Plan. A significant budget increase is reflected in FY 2025 when the cost of the additional Police salaries is taken on by the General Fund instead of ARPA funds, and an increase is provided for Education.

Mr. Taylor provided an overview of the Plan. The Plan, as proposed, includes mill rate increases in each year from FY 2024 through FY 2027, the largest of which is a 1.4 mill increase programmed in FY 2025. Expenditures were driven primarily by projected inflation rates and salary increase assumptions. A total of \$5.6 million is included for Fund Balance increases over the five years. The cost of the Police contract is reflected in the Public Safety salaries and in the pension contributions (ADEC).

Mr. White noted that the Plan will need to build in repayment of the Municipal Restructuring Funds that are expected to be distributed as part of a new agreement between OPM and the City.

Members discussed the projected ADEC requirements that result from the proposed Police contract. The expense is first incurred in FY 2024 in the Plan. Mr. Hamilton asked about how the City selected the scenario it chose to use for ADEC purposes. The scenario selected is the one that represents the agreement that had been reached with the union. The City's actuary explained that the ADEC projection is based on a rolling 10-year amortization period because amortization periods less than 10 years introduce a high degree of volatility in setting the required contributions.

Mr. Hamilton asked about the projected debt service in the 5-Year Plan. The Plan includes existing debt and the debt anticipated as a result of a September 2022 issuance, but does not include an allowance for future capital investment. Mayor Rossi indicated that would be resolved in the next draft of the Plan.

Ms. Kennison asked whether the Plan includes any additional positions beyond FY 2023. Mr. Jackson said that it does not except for two positions outside of the General Fund.

Mr. Falcigno said that he would need more time to review the 5-Year Plan before taking action on it. He raised a number of questions regarding Police staffing levels and vacancies.

Ms. Shaw asked about the assumptions that drive the increases in Property Tax revenues. Mr. Taylor described the assumptions used for projecting growth in the grand list. The increased mill rates to support the cost of the Police contract and additional Education expenses are also driving up Property Taxes.

Mr. Egan asked about Education funding being held flat for the first several years. Mayor Rossi explained that the Board of Education has been using grant funding and other sources to support the Education budget. He also asked about employee health benefits and requested the historical rate changes in the Partnership Plan.

Mr. Waxenberg asked about historical fund balance changes. He also suggested the City negotiate a successor contract with the Police to coincide with the expiration of the current contract rather than increasing salaries now through the salary re-opener. He asked for clarification on the way that retirees COLAs would be calculated under the proposed contract. He questioned the severity of the vacancy situation in the Police Department as compared to departments in other communities. He also asked if the City is aware of any other communities that are using their ARPA funds for increasing salaries. He questions whether the proposed salary adjustments are targeted enough to be effective for retention or recruitment purposes.

Members discussed the projected fund balances and what the targets ought to be. Mr. Hamilton suggested compiling fund balance data among other municipalities at different credit ratings. The possibility of adopting guidelines or requiring the City to adopt a fund balance policy was also discussed.

Mr. White raised the possibility of holding a special Subcommittee meeting to set benchmarks for the City regarding Fund Balance and the repayment of restructuring funds. Ms. Kennison suggested that in prior years the FY 2023 budget has been adopted prior to final approval of a 5-Year Plan.

Members discussed a list of items requested of the City for ongoing discussion of the 5-Year Plan. Ms. Shaw asked about the source of funding if the City were required to repay disallowed Covid Relief Fund expenses. Mr. Jackson indicated that Contingency would be one source, though the potential repayment of disallowed funds may exceed what the City has programmed for Contingency in any given year.

V. Review, discussion, and possible action: FY 2023 Budget

Members reviewed the adjustments made to the FY 2023 Budget as part of the discussion on the 5-Year Plan. Members opted to not take action on the budget.

VI. Review, discussion, and possible action: Police Union contract

The Subcommittee reviewed additional information provided by the City's actuarial firm as part of the discussion on the 5-Year Plan. The actuary's updated estimates included an adjustment for the timing of the agreement. In the original estimate, the agreement was assumed to take effect in 2020. By correcting for this assumption, the initial impact on the City's ADEC requirements is reflected in FY 2024 in the 5-Year Plan (as opposed to FY 2023 as presented in the previous estimate). The related salary expense, once ARPA funds are no longer available, are reflected in FY 2025 of the 5-Year Plan and is one of the primary drivers of a 1.4 mill increase projected for that fiscal year.

While the City's supporting documentation shows Police salaries at the low end of the scale relative to comparable municipalities, members questioned whether the City had adequately demonstrated the need (in terms of actual vacancies, turnover, etc.). Members also questioned whether the proposal would have the intended outcome. There was considerable discussion regarding options available to the City such as negotiating a different agreement, or designing more targeted bonuses and retention incentives. One option raised is to negotiate a one-year MOU and then resume negotiations for the full contract which is currently set to expire June 30, 2023.

Members discussed whether an action at this point is required and what the practical effect of taking no action would be. The contract is expected to be on the next full MARB agenda. Further legal review is expected prior to the MARB meeting.

Members opted to not take action on the agreement at the meeting.

VII. Review, discussion, and possible action: Bond ordinance

The City's bond counsel, Michael Andreana of Pullman and Comley, explained two ordinances for Clean Water loan funding from the State. The funded sewer projects are along Dawson Avenue in West Haven. The loans would be at 2% interest. The ordinances require MARB approval. The City also currently has an interim funding agreement for the Cove River pump station. The work is complete and the construction loan is being converted to a term loan, also at 2%. Members asked

for the loan agreement and for the loan repayment schedules for each of the projects prior to the MARB review.

VIII. Update: MOA Action Plans

Written updates were provided with the meeting materials.

IX. Other Business

Members discussed the need for timely submission of materials to the Subcommittee to allow for meaningful deliberation. The hiring of a financial manager may alleviate some of burden on the Subcommittee and board. The Agreement for Municipal Restructuring Funds needs to be executed in order for resources to be available for the hiring of the financial manager.

X. Adjourn

Mr. Falcigno made a motion to adjourn with a second by Mr. Egan. The meeting adjourned at 1:14 PM.