

APPROVED

**State of Connecticut
Municipal Accountability Review Board (MARB)
Special Meeting
State Board of Regents Boardroom, Ground Level, 61 Woodland Street
Hartford, CT**

**Meeting Minutes – Tuesday, July 17, 2018
10:00am – 12:30pm**

The following link is to the MARB website. All meeting handouts can be located on this website, along with future meetings dates, agendas and minutes:

<http://www.ct.gov/opm/cwp/view.asp?a=2998&q=599332>

Members in attendance:

Co-chairs: OPM Secretary Benjamin Barnes and William Cochran (designee of State Treasurer Denise Nappier) Members: Patrick Egan, Thomas Hamilton, Mark Waxenberg, Peter Gioia, Sal Luciano, and Bart Shuldman

Members not in attendance: Commissioner Scott Jackson

Staff: Robert Dakers, Alison Fisher, Laura Mirante, Michael Sullivan, Deputy Treasurer Larry Wilson, Riju Das

I. Call to Order and Opening Remarks by Secretary Ben Barnes and William Cochran (designee of State Treasurer Denise Nappier)

Meeting was called to order by Secretary Ben Barnes 10:05 am.

II. Public Comment

None.

III. Action Item: Approval of Minutes: May 3, 2018

A motion was made by Mr. Gioia and seconded by Mr. Waxenberg to approve the May 3, 2018 meeting minutes. No discussion or edits were suggested. The vote to approve the May 3, 2018 meeting minutes was unanimous. The motion carried.

IV. City of Hartford Issues and Items

a. Review and Discussion Monthly Financial Report

Melissa McCaw presented an overview of the City's report. She noted that the report is as of April 2018, since May numbers are not yet final. Overall, the City is projecting \$560 million in revenue (a \$1.9 million decrease from last month's projections due to general property tax collection) and \$591.6 million in expenditures (a \$600,000 decrease from last month's projections due to payroll changes). The City is currently projecting a \$31.2 million gross deficit, and a net deficit of close to \$20 million.

Secretary Barnes asked how the City was able to reduce projected expenditures. Mayor Bronin replied that the City has aggressively managed attrition and maintained a significant number of vacancies.

Secretary Barnes noted that with the \$20 million in contract assistance from MARB, the City will end FY18 in balance, possibly with a small surplus. Secretary Barnes then asked if there were any risks toward that outcome. Mayor Bronin explained that there are two major risks that will be settled before the end of the fiscal year – 1) receiving an additional \$500,000 in revenue from the CT Materials Innovation and Recycling Authority (MIRA), and 2) a \$1.0 million expense (related to a prior year audit) from the BOE to the State Dept. of Education, which must be confirmed.

b. Review and Potential Action re: Non-Labor Contracts

Hartford Police provided an overview of a contract to purchase body-worn cameras. A brief discussion regarding data plans, data storage, software, and future expenses followed.

c. Review, Discussion and Possible Action re: FY2019 Budget

Mr. Dakers provided a brief overview of the City's FY19 budget. He explained that the MARB Hartford subcommittee met on May 18, 2018, and reviewed an additional \$3.7 million in State aid that is expected in FY19. The members and the City agreed to lower tax collection assumptions by \$1.0 million, leaving a net revenue increase of \$2.7 million. Mr. Dakers reported that the subcommittee voted to recommend for approval both the City's assumptions for state aid and property taxes.

Action: A motion was made by Mr. Luciano and seconded by Mr. Eagan to accept and approve the City's FY19 budget, as amended. Seven members voted for the motion (Mr. Hamilton, Mr. Luciano, Mr. Waxenberg, Mr. Cochran, Mr. Eagan, Mr. Gioia, and Secretary Barnes). Mr. Shuldman voted against the motion. The motion carried.

Discussion regarding the vote included concerns raised by Mr. Shuldman regarding the long-term fiscal health of the City, and whether additional expenditure cuts could be made. Mr. Waxenberg noted that the legislature has not allowed the City to tax properties as it should, leading to a flawed policy. He asserted that more cuts would be a disservice to the City and the State, but that we should look at our policies to help put Hartford, and other struggling cities, on a path to solvency without additional state funds.

Action: A motion was made by Mr. Luciano and seconded by Mr. Eagan to recommend the Mayor's request for \$20 million in Municipal Restructuring Funds for FY18, to be approved by

the Secretary of OPM. The vote to recommend the request was unanimous, and the motion carried.

Discussion regarding the vote included the process for receiving Municipal Restructuring Funds for Hartford and any other eligible, Tier III communities. Mayor Bronin added a point of clarification regarding Hartford's request. He noted that the City is requesting \$20 million in Municipal Restructuring Funds and \$12 million in contract assistance, totaling \$32 million in FY18.

V. City of West Haven Issues and Items

a. Review and Discussion Monthly Financial Report

Linda Savitsky presented an overview of the City's report. She noted that the report is as of April 2018, since May numbers are not yet final. The City is anticipating that the BOE will fully expend their budget and that the City budget is projected to have a shortfall of approximately \$7.7 million in FY18. Ms. Savitsky indicated that the City will be ceasing all FY18 spending on Monday June 11th.

Additionally, Ms. Savitsky noted that the City Council vote on an FY18 tax lien sale failed to pass on May 29, 2018. Another vote would be taking place on Monday June 11th. If the vote fails again, there will be an unfavorable revenue impact in FY18, and potentially FY19.

Questions regarding debt service, health insurance, and ECS revenue estimates were asked by various Board members.

Mr. Egan noted that there were several formatting issues with the report, such as formulas and pagination. Ms. Savitsky said that a revised document will be available for the next West Haven subcommittee meeting on June 18th.

b. Review and Potential Action re: Non-Labor Contracts

No action was taken on this item.

c. Review, Discussion and Possible Action re: 911 Dispatchers Tentative Labor Agreement

Mr. Barnes indicated that the West Haven Subcommittee reviewed the agreement and voted to recommend approval to the full Board.

Action: A motion was made by Mr. Luciano and seconded by Mr. Eagan to approve the Agreement. Mr. Shulman and Mr. Cochran abstained. Mr. Gioia, Mr. Waxenberg, Mr. Luciano, Mr. Egan, Mr. Hamilton, and Secretary Barnes voted to approve the motion. The motion carried.

Discussion regarding the vote included mentioning the changes made to this contract (0% wage increase for 4 years and changes to OPEB) after the Board rejected it months prior. Secretary Barnes indicated his satisfaction with the changes made.

d. Review and Discussion re Status of Five-Year Recovery Plan

Mayor Rossi introduced the major elements of the plan, including: a tax collection rate of 98.4%, holding State revenues flat, an increase of 0.8% each year to the BOE, a health insurance inflation rate of 8.4%, an annual decrease in Municipal Restructuring Funds, no wage increases, no capital construction beyond the High School renovation project, no consulting costs built in, and no consolidations assumed.

Mr. Luciano suggested that since the Plan was first introduced at the Board meeting, the West Haven subcommittee should take time to review it and make a recommendation to the full Board.

e. Review, Discussion and Possible Action re Amended Budget for Fiscal Year 2018-19

Secretary Barnes opened discussion by noting that the Board does not have the authority to reject the City's budget, because they haven't yet received Municipal Restructuring Funds, which they cannot receive until a Five Year Plan is approved. However, the Board can act on the City's revenue assumptions, although it cannot do so today, as a variety of outstanding items have not yet been addressed. He also mentioned that the revenue assumptions are concerning, as they include the Municipal Restructuring Funds which have not yet been approved the Board.

A discussion followed regarding the requirements necessary to designate West Haven a Tier 4 community. Secretary Barnes noted that the timing of such a change would not be effective for the City. Board members Luciano, Waxenberg, Hamilton, and Eagan agreed that moving to Tier 4, at this point, would be premature. Members concluded that continuing to work collaboratively with the City is the best course of action at this time.

Secretary Barnes explained two large areas of concern with the City's FY18-19 budget: several hundred thousand dollars of cuts that are insufficiently proven and health insurance projections. He noted that he has reached out to a benefits consultant on state contract who may be able to help with providing a path forward for health insurance. Mr. Cochran added that this process has been very beneficial to the City of Hartford and is worth investigating for West Haven.

Lastly, Mr. Dakers recommended that the Bond Ordinance should be reviewed by the West Haven subcommittee for comment. Secretary Barnes agreed.

No action was taken on this item.

f. Update re Future Board Action Items

No action was taken on this item.

VI. Other Business

None

VII. Future Meetings; Next Meeting tentatively scheduled for Thursday, July 5, 2018

No discussion on this item.

IX. Adjourn

A motion to adjourn was made by Mr. Luciano and seconded by Mr. Shuldman, with all members voting in favor. The motion carried and the meeting was adjourned at 12:46pm.