

**Draft  
State of Connecticut  
Municipal Accountability Review Board (MARB)  
Regular Meeting  
State Board of Regents Boardroom, Ground Level,  
61 Woodland Street, Hartford, CT  
Meeting Minutes – Thursday, February 7, 2019  
10:00a.m. – 12:30p.m.**

**Members in attendance:** OPM Secretary Melissa McCaw, State Treasurer Shawn Wooden, Scott Jackson, David Walker, Thomas Hamilton, Matthew Brokman, Robert White, Max Waxenberg, Stephen Falcigno

**Staff:** Julian Freund (OPM), Alison Fisher (OPM), Dave Reyes (OPM), Larry Wilson (OTT)

**I. Call to Order & Opening Remarks by Secretary Melissa McCaw and Treasurer Shawn Wooden.**

Chairwoman McCaw called the meeting to order. Chairwoman McCaw and Co-Chairman Shawn Wooden introduced themselves. Stephen Falcigno, the newest member of the board who is the appointee of the House Minority Leader Representative Themis Klarides, was introduced.

**II. Public Comment Period**

No public comments were made.

**III. Approval of Minutes: December 6, 2018**

Mr. Jackson made a motion, which was seconded by Mr. Wooden, to approve the minutes of the December 6, 2018 meeting. Mr. Brokman noted corrections that are needed to the Members in Attendance section. The corrected minutes were approved with 4 abstentions (Brokman, Wooden, Falcigno, McCaw).

**IV. City of Hartford Issues and Items**

**a. Update: Subcommittee Meeting 1/17/19**

The City's auditor, Blum Shapiro, attended the Jan. 17 subcommittee meeting and provided an overview of the FY 2018 audit report. The City's General Fund balance increased by \$374,000 to \$31.3 million as of 6/30/18 and the net position of each of the enterprise funds increased. The committee also reviewed preliminary reports regarding Hartford Public Schools special education costs and the district's agreement with Achievement First-Hartford.

**b. Review and Discussion of Monthly Financial Report: December FY 2018**

Jolita Lazauskas, Acting Director of Budget and Management, provided a report on the City's financial status as of the end of December. Overall, the City is projecting an end of year surplus of approximately \$2.5 million in the General Fund.

Mayor Bronin and board members discussed the City's priority on capital improvements when allocating end of year balances. The Mayor also updated the board on the Oct. 2018 grand list which declined by about 1%, driven to a large extent by tax appeals and conversions of apartments to condominiums. The five year plan was based on a modest increase in the grand list. The Mayor indicated that he does not anticipate the mill rate will be increased for next fiscal year. The next revaluation is in 2021.

The board also discussed a memo from the Mayor regarding potential uses of the \$750,000 administrative fee. The Mayor is proposing several uses for consideration. The recommended uses include financial administration support, lean process evaluation, maximizing use of technology, service partnership sharing among the City, BOE and library, and evaluation and recommendations for special education. These items will be discussed in more detail by the subcommittee.

**c. Review and Discussion re: Non-Labor Contracts**

None

**d. Review, Discussion and Possible Action re: Labor Contract**

None

**V. City of West Haven Issues and Items**

**a. Update: Subcommittee Meeting 1/15/19**

The Subcommittee meeting of 1/15 included several progress updates from the City. The City expects to meet the 2/22 deadline for submittal of its FY 2018 audit. Updates on planning for efficiencies and other budgetary savings and on initial meetings regarding the Fire Service study were provided.

**b. Review and Discussion: Monthly Financial Report: December FY2019**

The City is currently projecting an end of year balance of more than \$2 million in expenditures and for revenues to exceed budget by more than \$1 million for a projected budget surplus of approximately \$3.4 million. Revenue assumptions assume that \$8 million in municipal restructuring funds are received in the current year. The City anticipates making recommendations for use of the \$1.75 million that has been budgeted for deficit reduction. Secretary McCaw responded that, at this time, there are still many moving parts, such as the City's lien sale, FY 2018 results, health insurance options, IBNR, making any determination regarding use of the \$1.75 million premature. The MOA with the City allows for up to \$8 million in restructuring funds, and may be adjusted.

Mr. Walker asked about the City's progress in completing the audit. The Mayor responded that it will be completed by Feb. 22. Mr. Jackson asked about the City's plans for filling police positions. Corporation Counsel, Lee Tiernan, responded that the City is not unique in experiencing staffing challenges in the police department. He explained that the City is looking at benefits structure options, including addressing long term disability benefits. Mr. Hamilton asked if the City has engaged the assistance of its actuary firm to assist in looking at benefits

structure options. Mr. Tiernan responded that they are. Currently, 97 of 120 police positions are filled, with 6 cadets currently in the Police Academy. Members also discussed police extra duty and related cost recovery with City staff.

The City also described efforts to improve the internal controls and purchasing and payment processes. Ms. Fisher is assisting the City with process improvement in this area.

**c. Update re: MOA Compliance**

An update on the City's compliance with the MOA for restructuring funds was provided. The Mayor said that the Fire Service Study contract has been executed and Mr. Cieplinski has scheduled the kickoff meeting with the consultant. Mr. White asked about the extent of the legal review in the study and whether the consultants will address what would happen in the event of an involuntary closing of a district. Mr. Tiernan indicated that the study is taking the approach of analyzing the City's options with respect how best to structure fire services in the City, including options for absorbing the districts, creating a city-wide entity, or other structure. Secretary McCaw said that the report should be comprehensive and cover cost, legal implications, staffing, etc.

Mr. Brokman asked about the City's progress in moving forward on any of the health insurance options analyzed by Segal, and Mr. Waxenberg asked about any possible movement toward the Partnership Plan. Multiple options have been reviewed and the City is sorting through various components of its health insurance management. Secretary McCaw indicated that the matter will be taken up in depth at the subcommittee level.

**d. Review and Discussion re: Non-Labor Contracts**

None.

**e. Review, Discussion and Possible Action re: Labor Contract**

None.

**VI. Town of Sprague issues and Items**

**a. Review and Discussion: 5-Year Plan**

First Selectwoman Osten provided an overview of the proposed 5-Year Plan, background on the town's financial situation and some of the steps that have been taken to address the deficit. The Town's designation as a Tier II municipality follows a fiscal year in which the Board of Education exceeded its budget by \$835,000 resulting in a negative fund balance at year end. Secretary McCaw said that the plan is a good starting point for discussion. She added that the Town has requested restructuring funds that would eliminate the fund balance deficit and that the plan assumes gradual mill rate increases over the five year period. Members discussed measures for ensuring financial accountability, increasing transparency and requiring regular reporting on the part of the BOE. Mr. Walker pointed out that the Town's financial situation reflects a one-time event as opposed to a more structural issue. Mr. Hamilton asked about current fiscal year projections. First Selectwoman Osten said that the municipal side of the budget is projected to end the year balanced and that the Board of Education is currently

projecting it will end the year within budget. Secretary McCaw said that the town's plan will be discussed further at the subcommittee level and also pointed out that the Governor has proposed legislation that would provide for early intervention regarding municipalities showing signs of fiscal distress.

**b. Update: FY 2018 Audit**

The town's FY 2018 audit and management letter were distributed.

**VII. Other Business**

**a. Discussion: Subcommittee Membership**

Members will be polled regarding interest in serving on the Sprague subcommittee.

**VIII. Adjourn**

A motion was made by Mr. Wooden with a second by Mr. Falcigno, to adjourn at 12:16 PM.

Motion passed unanimously.