

Approved
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
REGULAR MEETING MINUTES

Meeting Date and Time: Thursday, April 4, 2019 9:30 AM – 12:30 PM

Meeting Location: State Board of Regents Boardroom, Ground Level, 61 Woodland Street, Hartford, CT

Members in Attendance: Secretary McCaw, State Treasurer Wooden, Commissioner Jackson, David Walker, Patrick Egan, Robert White, Matthew Brokman, Mark Waxenberg, Thomas Hamilton (phone), Stephen Falcigno (phone)

Staff in Attendance: Julian Freund, OPM; Dave Reyes, OPM

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

Secretary McCaw called the meeting to order at 9:33 AM.

- II. Public Comment* Period

Melissa Ziobron asked about comments from board members in prior meetings regarding the distribution of funds to address one-time issues, such as the case in Sprague, and the potential precedent that would set. Secretary McCaw responded that the Town has submitted a 5-year plan for review by the board. The process is consistent with the statute's requirements for any municipality seeking restructuring funds. OPM will have counsel review statutory language regarding payments for remedying one-time events.

- III. Approval of Minutes:
 - a. March 4, 2019 Special Meeting

Motion by Mr. White, second by Mr. Egan, to approve minutes of 3/4/19 special meeting. Motion passed.

- b. March 7, 2019 Regular Meeting

Mr. Walker suggested adding to the second paragraph on page 2, indication that steps are needed to ensure the reasonableness of the benefit and adequacy of funding.

Motion by Mr. Walker, second by Mr. White, to approve minutes of 3/7/19 regular meeting with suggested revisions. Motion passed.

- IV. Town of Sprague issues and Items
 - a. Update: Subcommittee Meeting 3/28/19

Members were provided an overview of the prior subcommittee meeting in their packets.

- b. BOE FY 2020 Budget Request

Superintendent Erwin provided a brief summary of the recommended BOE budget for FY 2020. The budget request is an \$867,000 increase over the current year budget, or 13.7%. Mr. Erwin explained that the requested budget provides as accurate a picture of what the district needs to operate. Much of the fluctuation in costs is in the area of tuition. Mr. White asked whether the Superintendent anticipated the budget as proposed would be adopted. Mr. Erwin said he does not expect that outcome, but the proposal is his due diligence in proposing what the district needs.

In response to a question about whether less expensive approaches to special education could meet students' needs, Mr. Erwin explained that a new Director of Special Education is reviews all student plans and options.

Mr. Walker said that the proposed budget suggests that the prior year deficit may not be entirely a one-time issue and that there may be a structural issue with the BOE budget as well. First Selectwoman Cathy Osten said the current year projection is a deficit of about \$150,000.

Mr. Hamilton asked if the BOE pursues all of the special education excess cost reimbursements possible. Mr. Erwin said his office consistently looks for every piece eligible and submits for reimbursement. His office will provide the board with the last several years of actual reimbursements.

Members discussed rising transportation costs. Part of the year over year increase is attributable to the prior contract not covering all services. Secretary McCaw suggested the district develop a strategy for controlling rising transportation costs.

Members commented on the apparent high per pupil costs for special education students. Mr. Hamilton indicated, from his experience, some student plans can result in extremely high costs depending on the type of services they need. A per pupil cost of around \$66,000 would not be unusual, and federal law requires the services appropriate for the individual without consideration of the cost. Mr. Walker added that Connecticut is one of just a few states where the burden of proof is on the school district, not the family.

Mr. Waxenberg suggested that the magnitude of the budget increase represents a failure to recognize actual costs somewhere along the way. Secretary McCaw added that she is looking for strong communication between the Town and the BOE in modifying the 5-Year Plan to come before the MARB. Mr. Egan asked about the current year budget and noted the tuition cost difference between Griswold and Montville.

Mr. Jackson stated that the discussion has focused on cost, but there has been little discussion on value. The town will need to focus on providing value to taxpayers.

c. Review and Discussion: Monthly Financial Report: February FY2019

Ms. Osten gave a brief summary of the current year budget. The town is over by about \$15,000 due to a vehicle repair. She is continuing to work on some property sales to raise cash.

d. Next Steps

A subcommittee meeting will be scheduled for later in the month. The Town and BOE will need to confirm their projections for FY 2019 and factor into 5-Year projections.

V. City of Hartford Issues and Items

a. Review and Discussion: Monthly Financial Report: February FY2019

Interim Budget Director, Jolita Lazauskas, provided an overview of the current year budget as of the end of February. Mr. White asked about current year capital expenditures. Mayor Bronin responded that the variance in the Debt and Other Capital category will be set aside in the Capital Fund for future capital needs. Mr. Egan asked about staffing levels in public safety departments. Mayor Bronin explained that the City has been able to meet staffing needs mostly with straight time in the Fire Department. The Police Department is still in a rebuilding mode. Treasurer Wooden asked what the target staffing level for the Police Department is. Mayor Bronin responded that the level recommended by an independent study is 483 and the recommended budget will request 472.

b. Review and Discussion re: Non-Labor Contracts

i. Life Insurance

The City and BOE participated in a joint RFP for life insurance through the CT Public Sector Purchasing Coalition. The City plans to award the contract to Lincoln National Life. Lincoln National offered rates with a reduction of approximately 14% in cost. Employee and beneficiary benefits do not change.

ii. Anthem renewal

Representatives from Segal Consulting presented the results of negotiations for a renewal for health administrative services. The renewal will be for three years reflecting a reduction in the per employee fee beginning in FY 2020.

c. Review, Discussion and Possible Action re: Labor Contract (none)

VI. City of West Haven Issues and Items

a. Update: Subcommittee Meeting 3/12/19

Members were provided an overview of the prior subcommittee meeting in their packets.

b. Presentation: Preliminary Findings Fire Service Study

Steward McCutcheon and Michael Walsh of ESCI presented his firm's preliminary findings in the Fire Service Study in process for the City of West Haven (presentation attached). In the work completed thus far, the consultants have found service delivery from the three separate entities to be strong. Financially, the districts are facing substantial unfunded long-term liabilities. The separate employee bargaining entities, benefit structures and pension agreements complicate the issue. The level of duplication in administration and finance is high. Secretary McCaw reiterated that the goal is to provide consistent quality service in the most cost efficient manner for the City. The final report is to be presented in June, with recommendations regarding options for the structure of Fire Service delivery in West Haven and strategies for addressing financial challenges.

c. Review and Discussion: Issuance of Bond Anticipation Notes

The City's bond advisor, Bill Lindsay, presented the City's plan for issuing 12.6 million in BANs to pay for ongoing high school renovation expenses. The financing plan for the high school project has been modified based on construction progress. Permanent financing of the notes is planned for the fall 2019.

d. Review and Discussion: Monthly Financial Report: January FY2019

The City's Finance Director provided an update on the current year budget. The City continues to project a surplus of approximately \$3.5 million. That surplus is contingent on receiving \$8 million in restructuring funds and on the \$1.75 million contingency item remaining unspent. The projections also include proceeds from a planned lien sale.

e. Update re: MOA Compliance

Mr. Freund provided an update on the status of the City's compliance with the MOA. Since the last meeting, the City has provided the FY 2018 Management Letter accompanied by a plan for corrective action on issues raised in the letter. Secretary McCaw commended the City on prompt action in putting together a plan for corrective action.

f. Review and Discussion re: Non-Labor Contracts (none)

g. Review, Discussion and Possible Action re: Labor Contract

i. West Haven Professional Firefighters

A Tentative Agreement between the City and the West Haven Professional Firefighters was summarized. The agreement covers the period FY 2017/18 through FY 2021/22 and provides for general wage increases of 0% for each year except for a 1% increase in FY 21/22. The agreement provides for a shift to a high deductible health plan with a deductible of \$2,000/\$4,000 and a health savings account. Employee contributions for health insurance premiums increase from 11% currently to 12% in FY 20/21 and 13% in FY 21/22. Secretary McCaw commented that the contract mirrors the significant savings achieved in other bargaining unit negotiations and commended the union members for stepping up. Members discussed whether the City's consideration of moving to the State Partnership plan for health insurance would complicate matters with the union. When the matter was ready to come for a vote, several board members had departed the meeting and a quorum was no longer in place. Although no formal action was taken on the contract, the contract moves forward as if approved, and members present stated for the record that they recognize the progress made in this contract and are appreciative of the cooperative efforts of the union members as arriving at a Tentative Agreement.

VII. Other Business

VIII. Adjourn

The meeting adjourned at 12:45 PM.