

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
REGULAR MEETING MINUTES

Meeting Date and Time: Thursday, January 13, 2022 10:00 AM –12:00 PM

Meeting Location: This was a virtual meeting. Meeting materials can be found at <https://portal.ct.gov/OPM/Marb/Full-Board-Meetings-and-Materials>

Call-in Instructions: Telephone 1 860-840-2075
Meeting ID: 533 526 329

Members in Attendance: Secretary McCaw, Christine Shaw (State Treasurer designee), Thomas Hamilton, Matthew Brokman, Robert White, Mark Waxenberg, David Biller

Municipal Officials in Attendance: Mayor Rossi, Frank Cieplinski, Jennifer Hockenhull, Julia Jack, Phillip Penn, First Selectman Cheryl Blanchard, William Hull

OPM Staff in Attendance: Kimberly Kennison, Julian Freund

- I. Call to Order & Opening Remarks by Secretary Melissa McCaw and Treasurer Shawn Wooden
Secretary McCaw wished all a happy new year and called the meeting to order at 10:01 AM.

- II. Public Comment Period
Darrel Cummings, formerly of West Haven and a West Haven bondholder, raised concerns regarding the lack of transparency in the City’s finances. He believes residents are given overly optimistic financial projections. He is also unsatisfied with the City’s communications regarding planning for the use of ARPA funds. He raised additional concerns regarding the issuance of payments to certain City employees from Cares Act funds which is an issue currently under review. He recommends that the State withhold the budgeted \$4 million in restructuring funds, or at most provide only what is needed for the City to avoid a deficit. He encouraged the MARB to designate the City at Tier IV.

- III. Approval of Minutes:
 - a. December 1, 2021 Regular Meeting
Mr. White made a motion to approve the minutes, with a second by Ms. Shaw. The minutes were approved.

- IV. City of West Haven
 - a. Subcommittee update

A written update was provided in the meeting materials. The City had been instructed to provide timelines for complying with requirements in the FY 2021 MOA. The City has been preparing action plans to address specific requirements in the MOA as well as open audit findings for Subcommittee review. The action plans are at various stages of development.

Secretary McCaw asked about the status of the City's plan for ARPA funding. Mayor Rossi said that a draft plan has been compiled. An advisory group is being formed to review the draft plan prior to forwarding to the City Council. Secretary McCaw said that the plan should simultaneously be submitted to the MARB.

Secretary McCaw asked about the vacant Junior Accountant position. Mr. Cieplinski said that an offer to the top candidate is expected to be made next week.

Secretary McCaw asked about the status of the Purchasing/Accounts Payable plan. Mr. Milone reported that a final draft of the procurement manual is under review and will be presented to City staff. Training on the manual and the module in Munis will follow.

Mr. Cieplinski reported that the City Council has not yet taken action to approve the staffing proposal for the Procurement function. Secretary McCaw asked for a copy of the proposal and indicated that she would be following up in a letter to the City Council.

Ms. Shaw asked whether the plans for the Procurement function reflect recommendations of the CohnReznick. Mr. Cieplinski indicated that the auditor has not yet provided recommendations, but that the City was advised by Tyler (Munis) regarding best practices in workflow and process. Ms. Kennison added that the CohnReznick audit is largely focused on the City's use of Covid Relief Funds, but will likely make general recommendations regarding internal controls based on their findings.

Mr. Brokman asked about findings regarding pension investment and whether a timeline for addressing the findings is available. Mr. Cieplinski reported that a timeline has not been put together yet. He added that the plan would ultimately require approval by the independent fire districts as well. The City has been fully funding the ADC, and in recent years has been making additional contributions to the pension fund. Ms. Kennison noted that the requirement to provide a timeline has been pending for a long time. The City should provide a timeline specifying when the City will take this on.

Mr. Waxenberg expressed concerns regarding how seriously the City and City Council are taking the issues that have been raised by auditors and the MARB and asked for more specificity regarding when the MARB can expect action on various items. Secretary McCaw asked when the mayor anticipated submitting a plan for ARPA funds. Mayor Rossi indicated that she does not have a specific timeframe at this point.

Secretary McCaw advised the City that specific timelines for ARPA and the remaining action plans need to be provided to the Subcommittee at the next meeting. She added that the City needs to take extra care to make sure their use of ARPA funds is consistent with the US Treasury rule.

b. Update on CohnReznick Audit

Ms. Kennison reported that CohnReznick has received about 90% of the materials they have requested so far. The materials requested, should be readily available. CohnReznick intends to be on site again within the next week or so and to complete field work by the end of the month

so that they can begin drafting a report. Meeting these targets is dependent on the City providing all remaining requested information. Clifton Larson Allen plans to begin its field work the first week of February. CohnReznick's testing needs to be completed in advance of Clifton Larson Allen beginning its field work.

Mr. Hamilton asked if a list of the outstanding items is available. Mr. Cieplinski said he had a list from an email that he could provide to OPM. Secretary McCaw noted that in the past, OPM has been brought in when there have been delays in the transmittal of information.

c. Review and discussion: Monthly Financial Report: November 2021

Mr. Cieplinski reported that the City's revenues are projected to exceed the budget driven by the additional PILOT funds as well as the sale of some assets. Tax collections are consistent with prior years. Insurance expenses have been much higher than the past for both the General Fund and the Sewer Fund. Overtime continues to run high as a result of vacancies, offset partially by related salary savings. A surplus of about \$1.4 million for FY 2022 is projected for the General Fund.

Sewer revenues are consistent with prior years. Fire Fund revenues are running higher than budget due to the PILOT funding.

Secretary McCaw noted that if the CohnReznick audit determines that there have been any misuse of CRF funds, those funds would need to be paid back to the State.

Mr. Hamilton suggesting reviewing the motor vehicles supplemental billing as well as current levy collections as of end of January as an indication of whether the City will be running ahead or lower than budgeted property tax collections.

Mr. Cieplinski asked about amending CRF reporting if eligible expenses were incurred that could replace potentially ineligible expenses. Secretary McCaw advised that the CohnReznick audit needs to be completed first, but that the City would likely need to repay any ineligible expenses.

V. City of Hartford

a. Subcommittee Update

A written update was provided in the meeting materials. In December the Subcommittee reviewed the proposed tentative agreement with the Municipal Employees Association and voted to recommend approval by the full MARB. The Subcommittee also reviewed a scope of services for health insurance consulting services and an information request seeking data regarding special education programming and costs.

b. Review, discussion and possible action: Labor Contracts:

i. Hartford Municipal Employees Association

The Contract with the Hartford Municipal Employees Association expired on June 30, 2021. The tentative agreement is a two-year contract has been approved by the union and by the Hartford City Council. State statute provides MARB with an opportunity to act on the contract. The MARB may approve, reject, or take no action on the contract. If no action is taken by the MARB,

the contract would be approved. The Hartford Subcommittee reviewed this contract at their December 16 meeting and voted to recommend approval by the full MARB.

Ms. Hockenull provided an overview of the tentative agreement. The contract provides for a 3% general wage increase in the first year, and 0% in year two, with step advancement provided in both years. No changes are made to health insurance cost share.

Mr. White made a motion to approve the agreement with a second by Mr. Brokman. The motion passed unanimously.

c. Review and discussion: Non-labor contracts:

i. Capitol Region Education Council: Property Management

Julia Jack of the Hartford Public Works Department provided an overview of the contract. This contract with the Capitol Region Education Council covers a wide range of property management services at the Learning Corridor campus which spans 15 acres. CREC was the only respondent to the RFP that was issued. The one-year contract has options to extend for three additional one-year terms. The annual costs is \$826,000. CREC also held the previous contract and the cost is an increase of about \$230,000 per year over the previous contract cost.

Members discussed the contract and suggested that the City evaluate the costs of potentially bringing the services in-house prior to exercising the option to extend after the base contract year. Mr. Hamilton encouraged the City to consider issuing an RFP again prior to exercising the option to extend.

d. Review and discussion: Monthly Financial Report: November 2021

Ms. Hockenull provided an overview of the monthly financial report. The City is currently projecting a deficit of (\$874,000) but anticipate that attrition and the resulting vacancy savings will eliminate the deficit. Overtime expenses in Police and Fire continue to run high due to vacancies.

VI. Town of Sprague

a. Subcommittee Update

The Sprague Subcommittee did not meet in December. A budget adoption calendar is in the process of being prepared. The next regular meeting of the Subcommittee is scheduled to be February 24.

b. Review and discussion: Monthly Financial Report: November 2021

First Selectman Cheryl Blanchard provided an overview of the monthly financial report. Revenues and expenditures are in line with prior year. A small operating surplus is projected. Mr. Waxenberg asked about school tuition and transportation expenses. Mr. Hull explained that the school district anticipates a balance of \$80,000 at year end.

VII. Other Business

A special meeting of the full MARB is anticipated for January 27 immediately following the Hartford Subcommittee that morning to consider a labor contract.

VIII. Adjourn

A motion to adjourn was made by Mr. White with a second by Mr. Waxenberg. The meeting adjourned at 11:24 AM.