

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
REGULAR MEETING MINUTES

Meeting Date and Time: Tuesday, May 17, 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: 170 543 054

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

Tier IV-West Haven Members: Mayor Rossi, Colleen O'Connor

Municipal Officials in Attendance: First Selectman Cheryl Blanchard, Superintendent Hull, Michele Demicco, Mayor Bronin, Jennifer Hockenhull, Phillip Penn, Kim Oliver, Melinda Kaufmann (labor attorney), Scott Jackson, Pamela Alvino, Chris Hodgson (labor attorney)

OPM Staff in Attendance: Kimberly Kennison, Julian Freund

- I. Call to Order & Opening Remarks by Secretary Jeff Beckham and Treasurer Shawn Wooden
The meeting was called to order at 10:02 AM.
- II. Public Comment Period
There was no public comment.
- III. Approval of Minutes:
 - a. April 14, 2022 Regular Meeting
Mr. Brokman made a motion to approve the minutes with a second by Ms. Shaw. The motion passed unanimously.
 - b. April 14, 2022 Special Meeting
Mr. Brokman made a motion to approve the minutes with a second by Ms. Shaw. The motion passed unanimously.
- IV. Town of Sprague
 - a. Subcommittee update
Secretary Beckham referenced a written update that was provided with the meeting materials.

b. Review, Discussion and Possible Action: FY 2023 Budget

The Town's Budget for FY 2023 has been reviewed by the Sprague Subcommittee at its March and April meetings. At the April Subcommittee meeting, the Subcommittee voted to recommend approval of the budget by the full board. If the MARB approves this budget, it will then go to a Town Meeting or a referendum for final adoption.

Ms. Blanchard updated the board that a public hearing was held the previous evening with no objections to the budget raised at the hearing.

Ms. Shaw asked about the proposed mill rate as compared to the mill rate included in the prior 5-Year Plan. Ms. Blanchard noted that the half mill increase previously planned was reduced to a quarter mill increase in the proposed budget, in part because of higher than anticipated grand list growth.

Mr. Waxenberg made a motion to approve the budget with a second by Ms. Shaw. All voted in favor.

c. Review, Discussion and Possible Action: Updated 5-Year Plan FY 2023-2027

The Town's updated 5-Year Plan was reviewed by the Subcommittee at its April meeting. The plan provides for continued growth in Fund Balance and for the elimination of a deficit in the Capital Fund. The Subcommittee voted to recommend approval of the Plan by the full MARB.

Ms. Blanchard noted that the Town built Fund Balance growth and elimination of a deficit in the capital fund into the plan so that the Town can reach a position to be able to repay the restructuring funds it received.

Ms. Shaw made a motion to approve the Town's updated 5-Year Plan, with a second by Mr. Waxenberg. The motion passed unanimously.

d. Review and discussion: Monthly Financial Report: March 2022

A written monthly report was included in the meeting materials. Ms. Blanchard reported that year to date revenues and expenditures are comparable to prior years for the same period and the Town anticipates a surplus of about \$100,000 for the year.

V. City of Hartford

a. Subcommittee Update

Secretary Beckham referenced a written update that was provided with the meeting materials.

b. Review, Discussion and Possible Action: Labor Contracts:

i. Hartford Federation of Paraeducators

This tentative agreement is for a contract that expired June 30, 2018. The proposed contract would be in effect through June 30, 2024. It provides no retroactive wage increases up to the

current year, but does include a general wage increase that is retroactive to the beginning of the current fiscal year. The MARB has authority to approve or reject the contract if it wishes. If the MARB opts to take action on the contract it will have until June 2nd to do so. At its April meeting, the Hartford Subcommittee voted to recommend approval of this contract by the full MARB.

Melinda Kaufmann and Mr. Penn described the major provisions of the contract. There are currently approximately 320 members of this unit. The agreement provides for 0% general wage increases (GWI) retroactively for three fiscal years 2019-2021 with no step movement. For FY 2022, a GWI of 2% and step movement. FY 2023 provides a 2% GWI with step movement and FY 2023 provides a 3% GWI with no step movement. Beginning with FY 2023, all members not currently enrolled in the high deductible/health savings account health plan will be transitioned into that plan. Employee health premium cost share increases from the current 10% to 10.5% in FY 2023 and 11.0% in FY 2024.

Ms. Shaw asked how the tuition reimbursement rates were determined. Mr. Penn explained that members of this unit are potential future teachers and the tuition reimbursement rates mirror the rates in the Teachers' contract. The district also looked at rates offered in other districts.

Mr. Hamilton said the overall contract is reasonable. He asked about the wide range between minimum and maximum salaries relative to other communities. Ms. Kaufmann noted that many members have degrees which is reflected in the wage scales.

Mr. Waxenberg noted the high rate of turnover in the unit and the need to recruit and retain employees.

Mr. White made a motion to approve the contract, with a second by Mr. Hamilton. The motion passed unanimously.

ii. Local 1716, Council 4, AFSCME AFL-CIO

This tentative agreement is for a contract that expired June 30, 2021. The proposed contract would be in effect through December 31, 2024. It provides a general wage increase that is retroactive to the beginning of the current calendar year. The MARB has authority to approve or reject the contract if it wishes. If the MARB opts to take action on the contract it will have until May 21st to do so. At its April meeting, the Subcommittee voted to recommend approval of this contract by the MARB.

Mayor Bronin described the major provisions of the contract. The group is made up mostly of public works employees as well as emergency services telecommunications and other employees. A GWI of 2% retroactive to January 2022 is provided. GWIs of 2.5% are provided for FY 2023 and FY 2024.

Mayor Bronin noted that several separate memoranda of understanding have been negotiated with the union that provide for higher wage increases for certain job classifications. These memoranda of understanding will be submitted to the MARB for approval at a future meeting.

Mr. Hamilton noted that the language in the agreement may need to be amended to reflect the Janus decision.

Mr. Egan made a motion to approve the contract, with a second by Mr. White. The motion passed unanimously.

c. Review, Discussion and Possible Action: FY 2023 Budget

The Mayor's Recommended Budget for FY 2023 was released on April 18th. The MARB is required to approve certain aspects of the budget, including assumptions regarding State revenues, assumptions regarding property tax revenues, and the mill rate. A memo from OPM staff addressing those aspects of the budget was included in the meeting materials.

At its April meeting, the Subcommittee voted to recommend that the MARB approve the State revenues, property tax assumptions and the mill rate in the City's FY 2023 Budget.

Mayor Bronin described the budget as a largely status quo budget. The most significant change is the reduced mill rate resulting from revaluation and an effort to cushion the impact of rising property values on residential property taxpayers. Another change is the removal of corporate contributions as an operating budget revenue source. Overall, the budget increases by 2.67% over the current year budget.

Mr. White noted that the City of Hartford and Town of Sprague both submitted a 5-Year Plan with their proposed budgets.

Mr. Hamilton asked about the shift in property values across property types and whether a phase-in or delay in revaluation was considered. Mayor Bronin described the significant increase in residential property values relative to other property types, including commercial property values which declined. He reminded the board of the split assessment ratio applied to residential vs. other property types, resulting in differing effective mill rates. The City opted against a delay because of the concerns of potential further declines in commercial values. He added that state law permits phase-in of increases in valuations, but not decreases. The City would therefore have had to recognize all of the decline in commercial values while phasing in the increase in residential values if that approach had been pursued.

Mr. Brokman asked about the corporate contributions. The mayor explained that there is one additional year of contributions, which will be directed toward capital investment rather than supporting operating costs.

Mr. Brokman made a motion, with a second by Mr. White, to approve the assumptions and mill rate in the City's FY 2023 Budget. The motion passed unanimously.

d. Review, Discussion and Possible Action: Updated 5-Year Plan FY 2023-20272

The City's updated 5-Year Plan was reviewed by the Hartford Subcommittee at its April meeting. The 5-Year Plan continues to show deficits in the out-years, for which the City has a mitigation plan which is continuously updated and reviewed at the Subcommittee level. The Subcommittee voted to recommend approval of the updated 5-Year Plan by the MARB.

Ms. Hockenull provided an overview of the updated Plan. Current year projections have been added to the plan since the Subcommittee meeting. The City believes it has used conservative assumptions for both projected revenues and expenditures.

Mr. White made a motion to approve the 5-Year Plan, with a second by Ms. Shaw. The motion passed unanimously.

e. Review and discussion: Monthly Financial Report: March 2022

The monthly financial report was provided with the meeting materials. Ms. Hockenhull updated the board of the status of the current year budget. The projected surplus has increased by \$700,000 since the previous monthly report.

Mr. Hamilton asked about a memo from Mr. Penn regarding ESSER funds and the district's ability to spend the funds in the allowable timeframe without having to return funds. Mr. Penn explained that efforts are underway to move funding to the school level to utilize the resources and staff retention and development measures as a way to apply the funds in a timely way.

f. Review and discussion: Non-labor contracts:

i. BOE School Safety Radios

Mr. Penn provided an overview of the planned purchase of school safety radios. City departments are shifting their radio system and the schools are making a change in order to maintain compatibility with the City's system.

ii. Compass Youth Collaborative Peacebuilders

Ms. Oliver explained the City's contract for with Compass Youth Collaborative Peacebuilders to administer a youth violence prevention program. Among the goals of the program is to link at risk youth to resources and support systems.

VI. City of West Haven

Secretary Beckham advised members that the Governor had approved the City's designation as a Tier IV municipality.

Mr. Biller made a motion, with a second by Ms. Shaw, to move the agenda item concerning the City's Tier IV designation to the beginning of the West Haven portion of the agenda. The motion passed unanimously.

a. Update: Tier IV Designation

i. Executive Session pursuant to Connecticut General Statutes section 1-200(6)(E), section 1-210(b)(1) and section 1-225(f), for the purpose of reviewing a draft Municipal Restructuring Fund Agreement.

Mr. White made a motion, with a second by Mr. Biller, to enter executive session. The motion passed unanimously. Board members, West Haven officials, including West Haven officials added to the board as a Tier IV municipality, and OPM staff entered executive session at 11:14 AM.

The board concluded executive session and returned to the public meeting at 12:21 PM.

Ms. Shaw acknowledged the public comment that was submitted during the public comment period and expressed appreciation for the Mayor's pledge of cooperation at Tier IV.

ii. Review, Discussion and Possible Action: Municipal Restructuring Fund Agreement

A draft Agreement for Municipal Restructuring Funds was discussed in executive session that would transfer \$3.9 million of restructuring funds to the City. The agreement would require the City to transfer the funds back to OPM to cover expenses related to oversight of the City and the costs of the Covid Relief Funds audit. The agreement would require the City to repay the funding over time. Secretary Beckham advised the board that the agreement would require approval by the West Haven City Council and that his intent was to execute and sign on behalf of the MARB in advance of the next MARB meeting.

Mr. Egan made a motion, with a second by Mr. Biller, to direct the Secretary, as Chair of the board, to direct staff at OPM to conclude the Agreement for Municipal Restructuring Funds and to execute it in advance of the next regular meeting. The motion passed unanimously.

iii. Review, Discussion and Possible Action: Plan for Use of Restructuring Funds

No further discussion.

iv. Review, Discussion and Possible Action: Draft Statement of Work for Assessment of City Financial Operations

No further discussion.

v. Review and Discussion: Draft MARB Policies and Procedures

Mr. Egan made a motion, with a second by Mr. Biller, to move the agenda item concerning the City's FY 2023 budget to the next item of the agenda. The motion passed unanimously

b. Review, Discussion and Possible Action: FY 2023 Budget

The Mayor's Recommended FY 2023 Budget was reviewed by the Subcommittee at the March and April meetings. A revised budget reflecting adjustments made by the City Council was distributed to the board with the meeting materials. OPM staff also provided an overview of the changes made to the budget and the impact of those changes.

Mayor Rossi reported that the City Council met again the previous night and made three additional adjustments to the budget. The three adjustments are:

- A decrease of \$50,000 in the Health
- A decrease of \$37,000 in Public Works
- Additional decreases of \$5,000

The net effect of the changes resulted in a revised mill rate of 34.00 mills.

Mr. Freund summarized the changes that have been made to the recommended budget since the original proposal. Medical benefits expenditures were adjusted, resulting in a reduction from the prior proposal. The adjustment is a correction to account for employee cost shares which had not been factored into the original proposed budget. The contribution to Fund Balance has also been increased by about \$640,000 to a total of \$790,000 in the revised proposal. The budget, as revised, does not yet reflect the additional pension requirement that would result from the proposed Police Union contract.

Members discussed the impact of the Police Union contract on the budget. Mr. Hamilton noted that the pension expense represents a large unfunded liability in the operating budget and that he could not support the budget as currently proposed. He also noted that a 5-Year Plan had not been provided.

Mr. Waxenberg and Secretary Beckham noted that, absent a 5-Year Plan, the board could not determine if the Police Union contract is sustainable beyond the availability of ARPA funding which is being used to fund proposed salary increases for two years.

Mr. White said neither the Police contract nor the budget can be acted upon until the 5-Year Plan is provided. He added that the City and Mayor should submit a balanced budget and not put the MARB in the position of having to adopt a budget.

Mr. Egan discussed the timing requirements for the City to adopt and submit a balanced budget and asked whether a formal rejection of the budget would be necessary at this meeting.

Secretary Beckham outlined the issues raised with the FY 2023 Budget in its current form that would result in disapproval of the budget including:

- The absence of a 5-Year Plan,
- Inadequately funding of the proposed Police contract,
- Insufficient contribution to Fund Balance relative to the most recently approved 5-Year Plan, and
- Large increase of 10% in operating expenses

Secretary Beckham explained that if the MARB chooses to disapprove the budget, under a Tier IV structure, it has until May 21st to provide the City with its reasons for disapproval. The City would then have until June 15th to resubmit a budget to the MARB for approval. If the City failed to resubmit a budget, or if the MARB did not approve a resubmitted budget, the MARB would then adopt an interim budget.

Mr. Waxenberg suggested the City revisit the Police contract and consider negotiating an alternative agreement with the union that includes bonus and retention features. Members discussed the contract and the timing of an action by the MARB in the context of a Tier III designation and a Tier IV designation.

Mr. White made a motion to disapprove the FY 2023 Budget as presented, with a second by Mr. Egan. The motion passed unanimously.

c. Subcommittee Update

There was no Subcommittee update.

d. Review, Discussion and Possible Action: Labor Contracts:

vi. West Haven Police Local #895

A motion was made by Mr. White to exercise the MARB's authority under Tier IV provisions to extend its review of the contract and, to the extent that Tier III applies, to extend the timeline for review of the contract, to June 15, 2022. Mr. Hamilton seconded the motion. The motion was approved.

e. Update: 5-Year Plan

A 5-Year Plan has not been submitted yet. Mr. White asked when a Plan would be submitted. Mayor Rossi said that work on a Plan would commence.

f. Review and Discussion: Monthly Financial Report: March 2022

A monthly report was not reviewed.

g. Review and Discussion: Non-Labor Contracts:

i. Bailey Middle School Cafeteria (ESSER funded)

Secretary Beckham asked if members had questions regarding this contract. There were no comments or questions.

ii. Catch Basins Replacement

iii. Independent Audit Firm

iv. Playscapes Construction

v. Fuel Storage Equipment

There was no discussion regarding the remaining non-labor contracts.

VII. Other Business

Secretary Beckham indicated that OPM would seek a location for the next MARB meeting to be held in person. Mr. Egan asked about Subcommittee meetings being held locally. Secretary Beckham suggested that the Subcommittees could determine the location of their meetings.

VIII. Adjourn

Mr. Egan made a motion to adjourn, with a second by Mr. Waxenberg. All voted in favor and the meeting adjourned at 1:37 PM.