

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
REGULAR MEETING MINUTES

Meeting Date and Time: Wednesday, June 15, 2022 10:00 AM –12:00 PM

Meeting Location: Legislative Office Building
Hearing Room 1D
300 Capitol Ave
Hartford, CT

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

West Haven Tier IV Members in Attendance: Mayor Rossi, Colleen O’Connor

Municipal Officials in Attendance: Scott Jackson, David Taylor (consultant to West Haven), Chris Hodgson (labor attorney)

OPM Staff in Attendance: Kimberly Kennison, James Caley (Office of Attorney General), Julian Freund

I. Call to Order & Opening Remarks by Secretary Jeff Beckham and Treasurer Shawn Wooden
The meeting was called to order at 10:03 AM.

II. Public Comment Period
Mayor Rossi read a statement supporting the proposed West Haven Police union contract.
A written statement from West Haven Council Member Gary Donovan in support of the West Haven Police union contract was read into the record.
Darryl Cummings, former resident of West Haven and West Haven bondholder, spoke objecting to the City’s planned use of ARPA funding for the cost of the raises in the proposed Police union contract. He also spoke about the City Council’s planned investigation regarding the use of CRF funds. He objected to the City Council liaisons to the investigation being required to route questions about the investigation through Corporation Counsel.

III. Approval of Minutes:
a. May 17, 2022 Regular Meeting
Mr. Brokman made a motion to approve the minutes, with a second by Mr. Egan. The minutes were approved.

IV. City of West Haven

a. Subcommittee update

A written update was provided with the meeting materials. Mr. Freund provided a brief overview of the update.

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

The MARB disapproved the City budget at the May meeting. The West Haven City Council adopted a Resubmitted Budget on Monday evening. The Resubmitted Budget has been provided to members along with several related exhibits and documents.

Mr. Jackson described the major revisions that were incorporated into the Resubmitted Budget. A contingency for the potential for disallowed CRF expenditures. Adjustments were made to increase the contribution to Fund Balance to reach 5.3%. If all of the contingencies that have been built into the budget are not required, the projected ending fund balance for FY 2023 is \$9.29 million which is in line with the previous 5-Year Plan. Mr. Freund noted that the fund balance projection is predicated on achieving a surplus in the current year of about \$1 million.

Mr. White asked that this item be held until after the board discussed the Police union contract. Without objection, the Secretary opened discussion on agenda item 4.c.

c. Review, Discussion and Possible Action: Labor Contract

i. West Haven Police Local #895

At the May meeting of the MARB, the board extended its review of this contract to this meeting. The Subcommittee revisited the contract last week with additional information from the City's actuarial firm. In the 5-Year Plan, the cost of the increased Police salaries is shown in FY 2025 after the City funds the first two years of the increase using ARPA funds. The actuarial analysis indicates the first impact on the ADEC occurs in FY 2024. At its meeting, the Subcommittee opted to not make a recommendation regarding the contract.

Mr. White questioned whether the proposed agreement is designed to retain employees. He noted that the Subcommittee had previously suggested that the City and union resume negotiations to arrive at an alternative agreement.

Mr. Hamilton expressed concerned that the use of ARPA funds may not be a permitted source of funds to support the contractual costs. He also questioned whether the provisions of the contract are sufficiently targeted to achieve retention goals. On the other hand, he said that the City had made a strong case that the City's Police salaries are not competitive with other municipalities in the region. He added that the fact that the City has adjusted the 5-Year Plan to cover the costs of the contract is an important consideration. He said he is not inclined to usurp the decision making of local officials and would base his decision largely on whether the City has the ability to pay for the costs of the agreement.

Chris Hodgson, of Bercham Moses, explained that his firm reviewed the final rule of the Treasury Department and determined that the proposed use of ARPA funds for the contract is an eligible use. He added that other municipalities in the City, such as Indianapolis, have used ARPA funds in a similar fashion.

Mr. Waxenberg pointed out that this agreement is a salary re-opener to a contract that has a term through June 2023. He said that the retention problem the City faces is a result of having transitioned previously from a defined benefit pension to a defined contribution retirement plan for members. He also questioned whether the proposal is sufficiently targeted and pointed out that it results in significant increases in benefit payments to existing retirees which will have no impact on retention. He suggested a phased-in approach to the salary increases and introducing a 403b retirement plan.

Ms. Shaw noted that concerns with the proposed agreement initially centered around the City's plan for covering the long-term costs. She said that those matters have been cured and she is inclined to support the agreement. She added that in her view, the role of the board is centered on whether the agreement is properly funded and not on second-guessing the City's negotiating committee.

Mr. Egan expressed concern with the use of one-time revenues to cover costs over two years and the unintended consequence of raising retirement benefits for existing retirees. He added that the union members are not paid what they should be paid. He believes that the salary adjustment would have an impact on retention and plans to support the agreement.

Mr. Falcigno said that he recognizes the members are underpaid, but is not convinced that the proposal would solve retention problems.

Mr. White suggested that, if the contract moves forward, there ought to be a contingency in the FY 2023 budget for the Police contract in the event that the use of ARPA funds is determined to be disallowed.

Mr. Biller said that the Police union members are caught in the middle of the debate. He believes the deal was thrown together and used to get the board to acquiesce to other misguided decisions by the City. He has concerns with the financial impact of the contract but does not want to hold up deserving raises to the officers.

Mr. Brokman asked if a rejection of the contract would result in going to arbitration. Secretary Beckham replied that there would be a ten-day opportunity for the parties to negotiate another deal.

Ms. O'Connor added that exit interviews conducted by the City's police commission indicate that the primary reason that officers leave the City is due to the rate of pay.

Members continued discussion regarding potential outcomes of binding arbitration and the likelihood that the agreement will achieve its intended goals.

Secretary Beckham explained that the board has the authority to reject the contract if it believes that would be necessary to remedy the City's financial condition and help restore the City to financial independence. He noted that the Police members appear to have been underpaid for some time. The merits of the raise have been made. He reiterated comments by others regarding whether the board should get into the decision making and policy determinations of local officials or should consider whether the City has an ability to pay.

Mr. Brokman made a motion to approve the contract, with a second by Mr. Egan. The motion passed 6-3-0 with Mr. Falcigno, Mr. Waxenberg and Mr. White opposing.

b. Review, Discussion and Possible Action: FY 2023 Budget (resumed discussion)

Mr. Jackson outlined the various contingencies built into the fund balance contribution. If any of the contingencies are ultimately needed, the resulting fund balance would be less than

projected in the budget. Members discussed whether the amounts set aside for various contingencies are adequate.

Mr. Hamilton asked about areas in the budget that may have potential upside for expenditure savings or more favorable revenues. Mr. Jackson said the revenue assumptions are very conservative. He said that expenditures were analyzed extensively and that there may be some modest opportunity for savings.

Mr. Egan made a motion to approve the budget with a second by Mr. Brokman. The motion passed by a vote of 8-1-0 with Mr. White opposing.

Secretary Beckham reported that an Agreement for Municipal Restructuring Funds has been approved by the City, but that the version adopted by the City includes an amendment that would defer repayments by the City under certain economic conditions. Several members questioned the appropriateness or need for the amendment. The City will be asked to revisit the agreement and approve it without the amendment.

- d. Review, Discussion and Possible Action: Approval of Bond Ordinances and Conversion of Interim Loan to Permanent Loan
 - i. CWF 225-CSL Bond Ordinance
 - ii. CWF 226-CSL Bond Ordinance
 - iii. CWF 222-CSL Project Loan Obligation

The City submitted three Clean Water projects for approval by the board. At Tier IV, all bond ordinances must be approved by the MARB. Projects CWF 225 and CWF 226 amend the project amounts for previously approved bond ordinances. CWF 222 is the final stage of a project in which the final loan agreement is executed after completion of construction and final project costs have been determined.

The City's bond advisor, Bill Lindsay, explained the projects and the Clean Water Fund loans. The debt will all be budgeted in the City's Sewer Fund and is repaid through the Sewer Use Fee. The loan repayment projections assume interest rates of 2%. All three projects have been included in the City's CIP and in the 5-Year Plan.

Mr. Hamilton asked about the final amount for CWF 222 which is higher than the previous estimate. Mr. Jackson indicated that the final budget was adjusted to cover the difference in the final cost.

Ms. Shaw made a motion to approve the bond ordinances and project loan obligation, with a second by Mr. Brokman. The motion passed unanimously.

- e. Review and discussion: Monthly Financial Report: April 2022

Mr. Jackson reported that the City's total revenues at the end of May, are approximately 1.5% ahead of revenues for the same period in the prior year. On the expenditure side, the City appears to be in line with the same period for the prior year. A surplus of \$1 million or more is anticipated for the current fiscal year.

Mr. White asked about where the funds mis-spent by Rep. DiMassa are reflected. Mr. Jackson indicated that those expenditures are in a separate fund. If repayment of disallowed funds are required, they would come from the contingency amount identified during the budget

discussion. Mr. Jackson said that ultimately, the General Fund must make up any deficit in a special revenue fund.

Mr. Brokman asked about the audit that the City Council has initiated. Mr. Jackson replied that the audit is not an investigation of CohnReznick, but of the circumstances that allowed for the improper use of CRF. Ms. O'Connor said that the Council is seeking clarification on everything that has happened.

f. Review and discussion: Non-Labor Contracts

i. UHY Consulting – ARPA Grant Management Support

Mr. Jackson explained that UHY will be providing accounting and management support for the ARPA grant. The contract will be paid out of the grant. Mark Malaspina, of Carmody, Torrance, Sandak, Hennessy, said that his firm is also providing compliance work to the City. Members asked about the contract with Carmody. Corporation Counsel had retained the firm several months prior. The contract did not come before the MARB because it does not meet the \$50,000 threshold. Ms. Kennison asked about certain items in the UHY contract scope that appear to overlap with work for which the MARB will be hiring independent consultants. Mr. Brokman suggested pausing the contract until the City approves the Agreement for Municipal Restructuring Funds. The City indicated that it would amend the scope of the UHY contract and confer with OPM to ensure that UHY does not engage in work for which the MARB will be hiring its own consultants.

ii. John Deere Utility Tractor

Public Works Commissioner Tom McCarthy explained that the tractor was selected from a State bid and will be used for maintenance of public beaches.

V. Town of Sprague

a. Subcommittee Update

A written update was provided with the meeting materials.

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

i. Board of Education Non-Certified Employees

The Sprague Board of Education has negotiated a contract with its Non-Certified employees. The prior contract expired in 2021. This contract would take effect upon execution and continue through June 30, 2024. The Sprague Subcommittee reviewed this contract at their May meeting and voted to recommend approval by the board. Superintendent Hull explained that the contract provides for 2.5% general wage increases in each year. An increase of employee health insurance premium co-share takes effect in the third year. Additional adjustments in wages are included for two positions that have been difficult to fill. The contract also ensures all employees meet minimum wage requirements.

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

c. Review and discussion: Monthly Financial Report: April 2022

First Selectman Cheryl Blanchard reported that the Town's fund balance grew by \$395,000 in FY 2021, eliminated the General Fund deficit. There were no material or significant findings in the audit.

Current year revenues and expenditures are consistent with prior years. The FY 2023 budget passed referendum, and the Town is projecting a surplus for the current year of \$100,000, not including any balance left by the Board of Education.

VI. City of Hartford

a. Subcommittee Update

A written update was provided with the meeting materials.

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

i. Board of Education Local 566 (Custodians and Food Service)

This contract covers about 286 custodians and food service workers for the Board of Education. This contract would cover a term of July 2021 through June 2025. The Hartford Subcommittee reviewed this contract and voted to recommend approval by the board.

Mr. Hamilton asked about the overall percentage increase with steps included. Mr. Penn outlined the general wage increases of 3.0%, 3.0%, 2.5%, and 2.0%. The step increases decline from \$127,000 in the first year to \$3,000 in the final year. Mr. Hamilton asked about the wage increases that are somewhat higher than the other contracts the board has been seeing. Mr. Penn explained that this group has taken 0% GWIs for several years and also represents employees of relatively lower wage scale.

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

ii. Board of Education Health Professionals

This contract covers about 70 health professionals at the Board of Education. The prior agreement expired in 2018. This contract would extend through June 2025. The Hartford Subcommittee reviewed this contract and voted to recommend approval by the board.

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

iii. Memoranda of Understanding: Local 1716

The underlying contract for Local 1716 was approved by the board at the May meeting. At the time, the Mayor advised that several memoranda of understanding were being negotiated to adjust the salary schedules for certain difficult to fill positions. Eight MOUs have been

negotiated with salary schedules designed to be more competitive. The Subcommittee reviewed the proposed MOUs at its meeting, but opted to not make a recommendation as there was additional information requested from the City. The City has provided the requested information which included comparables for the affected positions and for the complete salary tables. Mr. Waxenberg explained that the Subcommittee did not oppose the MOUs, but that the Subcommittee sought additional data. He indicated that the City has satisfied the additional data request.

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

c. Review and Discussion: Monthly Financial Report: April 2022

Ms. Hockenull reported that the projected surplus has increased by about \$1.7 million compared to the prior month projection, for a revised projection of about \$5.6 million surplus at year-end.

VII. Other Business

Secretary Beckham advised that OPM staff are currently working on policies and procedures for Tier IV municipalities for the board to review and consider.

VIII. Adjourn

Mr. Egan made a motion to adjourn, with a second by Mr. Brokman. All voted in favor. The meeting adjourned at 12:55 PM.