

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW
BOARD **REGULAR** MEETING MINUTES

Meeting Date and Time: Thursday, September 8, 2022 10:00 AM –12:00 PM

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

Call-In Instructions: Telephone: 1 860-840-2075
Meeting ID: 135 920 035

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

Tier IV Members in Attendance: Colleen O'Connor

Municipal Officials in Attendance: Mayor Bronin, Leigh Ann Ralls, Phillip Penn, Scott Jackson, Lee Tiernan, Doug Colter, Chris Hodgson (labor attorney for West Haven), Bill Lindsay (bond advisor for West Haven)

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

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
None.

III. Approval of Minutes:
a. July 14, 2022 Regular Meeting
Christine Shaw made a motion to approve the minutes, with a second by Mr. Biller. A correction to add James Caley to the list of attendees was noted. The minutes were approved with that correction by a vote of 6-0-2, with Mr. Brokman and Mr. Falcigno abstaining.

IV. City of Hartford
a. Review and Discussion: Monthly Financial Report: June and July 2022
Ms. Ralls an overview of the City's preliminary FY 2022 results. The projected surplus for FY 2021 is \$15.9 million largely as a result of favorable tax collections, lower than anticipated

health care and workers compensation claims, and personnel savings. Mayor Bronin noted that the first \$5 million is intended to go to fund balance, \$1 million would go toward technology and equipment needs, \$6 million would go to economic development, and the remainder would be determined by the Mayor and Council, likely going toward capital investment and additional economic development. Mr. Penn outlined the areas of savings in the Board of Education budget.

b. Review and Discussion: Non-Labor Contracts

i. Konover Commercial Corp. – Facility Management Services

This contract is for management services for the City’s public safety complex. The prior contract covered fiscal years 2020 through 2022 and was reviewed by the MARB in 2019. That contract was at a cost of \$159,000 per year. The City issued an RFP for a new contract and selected Konover Commercial Corporation. This is a one-year contract with three options for one-year extensions. The cost in Year 1 is \$166,800 followed by increases of \$3,000 in years 2 and 3, and \$4,000 in the final year.

V. City of West Haven

a. Subcommittee Update

A written update was included in the meeting materials. Mr. Freund provided additional details regarding the Subcommittee’s work.

b. Update: Bond Issuance Plan

The City has \$6.5 million of bond anticipation notes maturing at the end of September. The previous plan was to permanently finance the BANS and issue new debt for public works and education project. The plan has been revised. The City adjusted its plan and will be rolling the notes over for 6 months. The action does not require MARB authorization as the notes are not new debt. The debt was previously authorized in a 2017 bond ordinance.

Mr. Hamilton asked about the planned structuring of the repayment of the bonds expected to be issued in March. The anticipated repayment structure shows the first principal and interest payments due in June 2023. He noted that the timing coincides with what tends to be the period of lowest cash position for Connecticut municipalities, just prior to July tax collections. Mr. Lindsay explained that the structure is intended to be consistent with the prior plan which provided for relatively level debt service requirements year to year. He added that the City’s bonds are issued under a trust indenture which requires that debt service payments must be deposited one full month in advance with the trustee. Mr. Hamilton suggested that the City revisit the bond repayment structure prior to issuing the bonds in March.

Mr. Waxenberg asked if the use of ARPA was considered for any one-time expenditures the City is taking on. Mr. Jackson replied that much of the funding in the packages on the agenda is Clean Water funding and ARPA.

c. Review and Discussion: Monthly Financial Report: June and July, 2022

Mr. Lindsay updated the board on the status of the City's credit rating by Moody's. The City has provided draft FY 2021 financial statements to Moody's for their review. His informal communications with the rating agency suggest that the information provided is sufficient to update their rating.

Mr. Hamilton asked about the outstanding encumbrances shown on the June 30 financial report and whether the City has closed the books on FY 2022. Mr. Jackson said the close will be September 8.

In response to a question from Mr. Brokman, Mr. Jackson said that the auditor expects to have the financial statements for FY 2021 completed by November 1.

Mr. Hamilton asked that the Board of Education provide monthly reports directly from the financial system in the future. He questioned some of the year-end amounts that appear on the one-page summary provided by the Board of Education. Mr. Cavallaro, Business Manager, indicated that the year-end figures reflect certain expenditures that were reclassified to maintain expenditures within budget as well as some expenditures that were charged to grants. The board discussed further the City's budget transfer practices. Secretary Beckham noted that the Financial Manager that the MARB selects could assist the City in addressing budget transfer practices.

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

i. West Haven Professional Firefighters, IAFF Local 1198

This agreement is with the union representing 18 firefighters in the Allingtown Fire District. The last contract expired June 30, 2022. This contract would have a term of July 1, 2022 through June 30, 2025. The union and the City Council have both ratified the agreement. At its July meeting the West Haven Subcommittee voted to recommend approval of the contract by the full MARB.

In a separate, but related matter, the board also raised questions about the City's action to grant one-time hazard pay stipends of \$10,000 each to members of the firefighter unions in each of the fire districts. These one-time payments were to be funded with ARPA funds. Board members raised questions as to whether these payments should have been the subject of negotiations with the union. Since the July meeting, an agreement has been drafted regarding the stipend, and has been signed by the union.

Mr. Hodgson, Bercham Moses, explained that the union had ratified the contract and agreed to move to the State Partnership Health Plan subject to MARB approval of the contract. An MOU agreeing to a transition date of October 1 has been signed. The contract provides general wage increases (GWIs) of 2.5% for three years and follows four years of 0% GWIs. The employee health premium share remains the same in the first year followed by an increase of 1.5% over the remaining two years. The agreement also increases minimum manning from 5 per shift to 6 per shift in the event that the City is awarded a SAFER grant.

He also summarized a legal opinion regarding the City's intent to provide hazard pay stipends to members of this union using ARPA funds. The opinion concludes that the hazard pay stipends for Firefighters is an eligible use. He added that an MOU has been signed by the union and the City requesting MARB approval of the stipend payment.

Mr. Hamilton asked for more explanation of the provision for increasing the minimum manpower. Mr. Hodgson explained that the City has applied for SAFER grant funding that would

pay for the additional cost of a Firefighter. Mr. Hamilton and other members raised concerns about the long-term financial impact of contractually increasing minimum manpower. Members asked for further clarification on this provision, including whether the provision would require maintaining the higher minimum staffing after the grant period and the cost of doing so.

Secretary Beckham asked about the proposed hazard pay. Mr. Hodgson explained that the proposal is for \$10,000 to each member at the rank of Captain and below. Secretary Beckham noted that the amount is considerably higher than the per employee amounts considered for pandemic pay for the private sector and for State collective bargaining units. He would not support the proposal at that level. Other members expressed difficulty supporting the hazard pay stipend at that amount.

The board opted to not take action on the Firefighter agreements.

ii. Board of Education Non-Certified, AFSCME, Local 2706

The Board of Education has reached a tentative agreement with the Non-Certified employee group which covers approximately 90 employees. The Contract expired June 30, 2022. The tentative agreement is for a term of July 1, 2022 through June 30, 2026. At its July meeting, the West Haven Subcommittee voted to recommend that the full MARB approve this contract. Mr. Cavallaro explained that the contract provides a 2% general wage increase in each year plus step advancement. The employee health insurance cost share increases from the current 17% to 18.5% by the end of the contract term. The costs of the contract are included in the Board of Education budget.

Mr. Falcigno made a motion to approve the contract with a second by Mr. Biller. The motion passed unanimously.

e. Review, Discussion and Possible Action: Non-Labor Contracts:

i. Grant Agreement with CT Department of Energy and Environmental Protection

In response to rising costs for solid waste disposal, the City of West Haven submitted an application for funding through the Dept. of Energy and Env. Protection's Sustainable Materials Management Grant. The grant funds pilot projects designed to reduce the stream of waste destined for incinerators or landfills and help municipalities reduce or better manage the cost of disposal. DEEP awarded the City a grant of \$1.3 million to pilot a project that will introduce unit-based pricing in the City as well as the separation of food waste from other waste materials.

The Board has been provided with a copy of the Grant Agreement, as well as the City's grant application and other supporting information. The Agreement specifies that the grant funds will be distributed on a reimbursement basis, and the City will be required to provide monthly reporting of expenses to DEEP.

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

ii. Dawson Ave. Area Sewer and Manhole Rehabilitation Construction – National Water Main Cleaning Company

This contract is related to one of the Clean Water Fund loans that was approved by the Board at its July meeting. The improvements to the sanitary sewer system to be performed under this contract are required under a 2014 consent decree with the U.S. EPA.

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

iii. Task Orders – CDM Smith, Inc.

1. MS4 Permit Compliance Assistance
2. Design Replacement of Dawson Ave. Wastewater Pumping Station
3. MS4 Permit Compliance Assistance – IDDE Investigations
4. CMOM Consent Decree Compliance
5. High Priority Areas Sewer Rehabilitation – Design, Bidding & Construction Services

Each of the five task orders with CDM Smith are related to the City's consent decree with EPA. Mr. Waxenberg asked about the funding sources for these items. Mr. Jackson replied that the tasks are funded by a combination of Clean Water Funds and ARPA funds.

Mr. Brokman made a motion to approve the task orders with a second by Mr. Falcigno. The motion passed unanimously.

iv. Old Colony Construction – Fuel Tank Replacement

This contract provides for the replacement of two underground fuel tanks for which the DEEP permit is expiring and replacing with above ground fuel system. The cost of the project is \$664,872. The funding for this contract comes from a combination of LoCIP funds and proceeds from the Sept. 2021 bond issuance.

In response to questions about the bid process, Mr. Jackson explained the City received one bid which had been advertised on the State bid portal and in the New Haven Register.

Mr. Hamilton asked if the project cost includes an allowance for potential contaminated soil remediation. Mr. Jackson indicated that soil testing will be needed before the project. He said the project cost includes a contingency for contaminated soil.

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

v. O'Riordan Migani Architects LLC – Architectural Services

This contract provides for architectural services and design work for a remodeling project at the Senior Center. The project is to be funded with ARPA funds. Mr. Egan asked if a conflict of interest check is completed prior to the City Council's approval of contracts recommended by the ARPA Committee. Mr. Jackson said that the City's Ethics Board is in the process of reviewing guidelines on these matters. Mr. Jackson answered that the Purchasing Manager reviews all applications for payment. Mr. Tiernan added that new vendors are required to complete ethics forms. Mr. Falcigno asked about the bid process for the contract. Mr. Colter explained the process involved an RFQ to develop a pool of architects for on-call ARPA projects.

Mr. Brokman made a motion to approve the contract with a second by Ms. Shaw. The motion passed unanimously. The motion passed, with Mr. Falcigno opposed.

vi. Sanitary Equipment Co., Inc. – Vacuum Truck

This contract is for the purchase of a Vacuum Truck for stormwater sewer maintenance and is also to be funded from ARPA. This item was publicly bid and the City received two responses. Mr. Colter described the bid process and the responses. The close proximity of the repair facility was among the considerations in selecting the vendor. The vendor has been used by the City before but has no connections to staff or City leaders. In response to a question from Mr. Brokman, Mr. Colter explained this equipment will replace an existing truck that has less capacity.

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

vii. Development Agreement - Brewery Conference Center Project

This development agreement will lease City-owned land to a developer seeking to invest approximately \$20 million in the property. The term of the agreement is 60 years. The Agreement caps the assessed value of the new buildings at \$2 million for 20 years, \$2.5 million for an additional 10 years, and \$3 million for the remainder of the lease. The City Council approved the agreement and a copy of the Council resolution was provided in the meeting materials.

Mr. Biller asked how the developer was selected. Mr. Tiernan described the RFP process for which the City received two proposals. The City Council held public hearings on the RFP and selected the brewery. Members discussed the details of the project. A copy of the development agreement has not been finalized and provided to the board.

The board opted to not take action on the agreement until it has been provided with a copy of the proposed development agreement. Secretary Beckham indicated he is willing to hold a special meeting within the next week if the written agreement can be made available.

f. Tier IV Action Plan

i. Review, Discussion and Possible Action: Organizational Financial Assessment

Ms. Kennison outlined the status of the process of engaging a consultant to complete an organizational financial assessment of the City of West Haven. A scope of services was approved by the board at a prior meeting. Three consulting firms currently under a master contract with the State were contacted for proposals. The consulting firm Whittlesey is recommended as the consulting firm for the project. The project will be approached as a phased project with highest risk areas addressed first. In response to a question from Ms. Shaw, Ms. Kennison described how the work of this consultant will be integrated with the work of the Financial Manager to be selected by the board through an RFP process. Secretary Beckham said that the board's input regarding the work of the Financial Manager will be critical. Mr. Waxenberg asked that the assessment look at the relationship between the City and the fire districts.

Mr. Brokman made a motion to approve the engagement with the consulting firm Whittlesey, with a second by Mr. Falcigno. The motion passed unanimously.

ii. Review, Discussion and Possible Action: MARB Policies and Procedures

Mr. Freund provided a summary of revisions made to the proposed policies and procedures since last reviewed by the board in July and distributed in August

Ms. Shaw asked about enforcement options regarding a municipality's responsiveness to board requests for information. Secretary Beckham explained that the board's options are limited to the powers specified in the statutes. The practical consequences to issues with responsiveness are that the board may table or reject proposals from the City.

Mr. Egan pointed out that specific language regarding review of ethics and conflict of interest policies that appears in the Tier III section covering non-labor contracts does not appear in the Tier IV section covering non-labor contracts. The Tier IV section will be revised to add that language. He also questioned the limits on board review of change orders as proposed in the draft policies. He suggested lowering the threshold for requiring board approval of change orders.

The board opted to defer acting on the policies and procedures until the additional revisions are made.

iii. Review and Discussion: Financial Manager Selection/RFP

Mr. Hamilton, Mr. Egan and Mr. Falcigno volunteered to assist OPM staff in the process of developing the RFP and making a recommendation on the selection of a Financial Manager.

VI. Town of Sprague

a. Review and discussion: Monthly Financial Report: June and July, 2022

Based on the MARB's discussion at the July meeting, the Town was advised that they did not need to attend this meeting. The Town provided its monthly financial report which was included in the meeting materials. One clarification to the report was made in response to a question from OPM staff. The projection for the BOE expenses has been updated to be consistent with the BOE report. The updated unaudited estimate for FY 2022 is a General Fund surplus of \$295,000.

VII. Other Business

None.

VIII. Adjourn

Mr. Biller made a motion to adjourn with a second by Mr. Egan. The meeting adjourned at 1:02 PM.