

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
DRAFT MEETING MINUTES

Meeting Date and Time: Thursday, May 15, 2025, at 10:00 AM

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: 955 793 086#

Members in Attendance: Secretary Jeffrey Beckham, Kevin Alvarez (State Treasurer's Designee), Stephen Falcigno, Thomas Hamilton, Lisa Hammersley and Susan Weisselberg. TEAMS: David Biller, Sal Luciano and Robert White.

Municipal Officials in Attendance: Julian Freund, Paul Foster and Caitlin Richard. TEAMS: Mayor Dorinda Borer, Michael Gormany, Rick Spreyer, David Taylor, Nick Pascale, Paul Dorsi, Diane McManus, Kimberlee Kinsella, Arunan Arulampalam, Leslie Torres-Rodriguez, and Leigh Ann Ralls.

OPM Staff in Attendance: Kimberly Kennison, Gareth Bye, John Mehr, Simon Jiang, Rachel Moser, Chris Collibee, and Lori McLoughlin. TEAMS: Bill Plummer and Michael Reis.

OAG Staff in Attendance: James Caley, Assistant Attorney General

I. Call to Order & Opening Remarks

Secretary Beckham called the regularly scheduled meeting to order at 10:03 AM. At the request of the Secretary, Mr. Luciano made a motion to approve moving Agenda Item V - City of West Haven to item IV on the agenda, with a second from Mr. Alvarez. Motion carried.

II. Public Comment

a. There was no public comment.

III. Approval of Minutes - March 21, 2025, Special Meeting

Mr. Luciano made a motion to approve March 21, 2025, Special Meeting minutes with a second from Mr. Falcigno. Motion carried.

IV. City of West Haven

a. Review, Discussion and Possible Action: City of West Haven Tier IV Status

Secretary Beckham updated the MARB on the unresolved litigation related to its rejection of the City's Police Pension Plan contract, noting that despite significant efforts by MARB, its staff, and the Attorney General's Office to negotiate more favorable terms for the City, the discussions ended without a settlement due to lack of cooperation from the opposing party. The responsibility now rests with the City and Police Union. He reminded members that all mediation details remain confidential and privileged information.

Secretary Beckham then explained West Haven's current Tier IV designation status, highlighting that under state law, a municipality remains in Tier IV until MARB determines it has met specific criteria. There have been no audited operating deficits in the General Fund of the municipality for the two most current consecutive fiscal year audits completed. For two consecutive fiscal years the municipality has received a long-term bond rating that is investment grade or higher from one or more bond rating agency and the bond rating has either improved or remain unchanged since its most current designation. The municipality has presented and the MARB has approved the financial plan that projects a positive fund balance for three succeeding consecutive fiscal years and that in the third year, there is a positive Fund Balance of at least five percent projected. There is no evidence that the municipality has engaged in unsound or irregular financial practices in relation to commonly accepted standards in municipal finance. MARB may, at its discretion or upon municipal request, evaluate whether these criteria have been met. The OPM Secretary can terminate the Tier IV designation or re-designate the municipality to a lower tier, with formal notice required.

West Haven has requested to exit MARB oversight without tier redesignation, asserting it has met financial and governance criteria with clean audits for fiscal years 2022, 2023, and a timely 2024 audit clearing material weaknesses. At a February Subcommittee meeting, members reviewed the criteria, financial condition, audit results, unfunded liabilities, police pension litigation, and concerns about contingency plans for the City's independent fire districts. While discussion was robust, there was no unanimous agreement on release criteria.

Secretary Beckham shared his view that the City has met the criteria and, if MARB concurs, he would exercise discretion to end oversight without redesignation. He then invited questions or comments.

Several MARB members expressed strong support for releasing the City of West Haven from Tier IV oversight, recognizing the substantial progress made under the current administration. Members acknowledged the City's long history of fiscal challenges and noted that this marks the third time the City has required State intervention. While past improvements often required firm guidance from MARB, members commended the current administration for acting swiftly and decisively to stabilize finances.

There was broad agreement that the City has met the statutory criteria for release. Some members raised concerns about long-term risks—particularly regarding the police pension plan—but believed those concerns did not outweigh the progress achieved. The City's recent audits, cleared material weaknesses, and improved financial management were all cited as clear indicators of readiness for release. Some members encouraged future contingency planning, especially in relation to the independent fire districts. Members also emphasized the importance of sustaining a positive governance culture and maintaining strong financial practices beyond the period of oversight.

In addition, the MARB praised Mayor Borer's leadership and her administration. Members extended their appreciation to the Secretary, the MARB staff, and the Office of Policy and Management for their continued efforts and support.

Mayor Borer thanked everyone for all the kind comments. She reflected on her involvement in the development of the MARB as a legislator. She acknowledged the role that MARB played in helping West Haven address its \$18 million deficit through the issuance of deficit bonds. On behalf of the 56,000 residents in the City of West Haven, she thanked the MARB for providing the municipal restructuring funds to the City and for all that was done for the City. The Mayor also thanked the Governor for his support.

Mr. Falcigno made a motion that the MARB has determined that the City of West Haven has met the criteria for termination of its Tier IV designation under Section 7-576f of the General Statutes. The motion was seconded by Mr. Biller and passed unanimously.

b. Review and Discuss: Tier IV Action Plan Update

i. Protiviti Personal Service Agreement Amendment

Secretary Beckham noted that an amendment to the Protiviti contract was extended through June 30, 2025, to continue supporting the West Haven Finance Department with policy and procedure development and audit tracker findings. Additionally, the City will not be required to reimburse OPM for Protiviti's service costs from April 1, 2025, to June 30, 2025.

Mr. Alvarez made a motion that the Municipal Accountability Review Board (MARB) would not require the City of West Haven to cover the cost of the last three months of the Protiviti contract from April 1, 2025 through June 30, 2025, with a second from Mr. Luciano. Motion carried.

ii. Protiviti Financial Manager Trackers

Copies of the Protiviti's Audit Tracker and Policy Tracker reports as of May 9, 2025, were provided in the packet. Mr. White asked if there is money owed by the City for consultant's cost reimbursement. Ms. Kennison confirmed that OPM bills the City annually, payments are current, and the City will be billed for FY 25 in June 2025.

V. City of Hartford

a. Subcommittee Update – May 1, 2025, Meeting

At the May 1st Subcommittee meeting, the City and the Board of Education presented their proposed FY2025–2026 budgets, and the City also presented its FY2026–2030 5-Year Plan. Following the budget presentations, the Hartford Subcommittee approved a motion to recommend the FY2026 Mayor's Recommended Budget to the MARB.

After the City's presentation of the Five-Year Plan, the Subcommittee approved a motion to recommend the FY2026–2030 5-Year Plan to the MARB, with the understanding that potential increases to the Board of Education's allocation may be considered as a use of future surpluses.

b. Review and Discussion: Labor Contract:

i. Board of Education (BOE) and The Hartford Federation of School Secretaries, Local No. 1100, AFT, AFL-CIO

This contract is for 97 members with the term starting July 1, 2024, through June 30, 2027. With the City of Hartford being a Tier 2 municipality, the MARB does not need to approve the contract.

Mr. Foster provided a summary of the labor contract, noting that salaries for the secretaries are in line with other comparable positions within Hartford County. There are some modest language changes in the contract, primarily addressing the significant gaps between salary steps. The contract also gradually increases the health insurance premium cost share, reaching 16% by the third year. Over the three years of the contract, the cost is approximately \$500,000, a total

cumulative increase of 9.0%.

- ii. Board of Education (BOE) and The Hartford Federation of School Special Police Officers, Local No. 1018D, AFT, AFL-CIO

This contract is for 103 members with the term starting July 1, 2024, through June 30, 2028. With the City of Hartford being a Tier 2 municipality, the MARB does not need to approve the contract.

Mr. Foster provided a summary of the labor contract, highlighting several modest language changes. One change extends the definition of the workday to the eight (8) consecutive hours between 7:00 AM and 6:00 PM. Under the previous contract, the regular workday ended at 4:00 PM requiring that security guards be paid overtime when school programming extended past 4:00 PM. The new language also allows for staggered shifts. Health insurance premium cost sharing will gradually increase, reaching 14% by the end of the fourth year. Adjustments were made to the salary grid to address significant gaps between steps. The total cost of the contract over four years is approximately \$610,000, representing a 14% increase.

Secretary Beckham inquired whether the security guards are considered police officers under State statute. Mr. Foster clarified that they are not sworn officers.

c. Review and Discussion: Monthly Financial Reports - City and Board of Education – March 2025

Mr. Freund provided an overview of the City's monthly financial report through March 2025. The City is projecting an overall surplus of \$8.1 million for this fiscal year. Revenues have reached 83.7% of the annual budget, with property tax collections at 99.8% of budgeted levels—slightly below the 100% collected at the same time last year. On the expenditure side, the City has spent 69.6% of its budget compared to 65.1% last year. The increase is largely due to an earlier-than-usual transfer to the Capital Reserve Fund for the pay-as-you-go capital plan. Payroll expenditures are projected to be \$2.4 million favorable, with savings from vacancies partially offset by higher projected overtime. However, benefits are expected to be \$3.5 million over budget, driven by increased health claims and attrition-related impacts.

Ms. Richard presented the Board of Education's (BOE) monthly financial report through March 2025. The BOE is projecting a year-end deficit of approximately \$4 million. This is primarily due to unrealized revenue assumptions, including lower-than-expected Federal COVID relief funds, non-lapsing fund availability, and a shortfall in the State magnet school operating grant tied to suburban enrollment. On the expenditure side, unanticipated costs in tuition (approximately \$10 million), transportation, utilities, and teacher signing bonuses have contributed to the deficit. These shortfalls have been partially offset by higher-than-expected salary savings from increased vacancy rates. Additionally, the BOE is receiving about \$1 million more in Excess Cost funding in FY 2025 due to recent legislative changes.

d. Review and Discussion: Board of Education FY 2026 Budget

The Board of Education's Superintendent's Proposed 2025-2026 Operating Budget was presented at the Hartford Subcommittee on May 1, 2025, by Mr. Foster and Ms. Richard. Superintendent Torres-Rodriguez outlined the BOE's non-traditional approach to the budget development process, which included five months of active engagement with stakeholders across the City. She emphasized that the budget reflects ongoing structural deficits driven by flat revenues and rising costs—particularly in special education, tuition, transportation, and personnel. Recent external reviews (including from consultants hired by the State Department of Education and the Mayor's Blue-Ribbon Commission)

confirmed longstanding cost pressures in these areas. The Superintendent also highlighted the impact of newly negotiated labor contracts, which will add \$8.8 million in FY2026. The district is assuming a 6% vacancy rate next year (down from 12%) and is re-evaluating its right-sizing strategy initiated in 2017–2018, which previously reduced the number of facilities by 12 (20%). Despite stabilizing enrollment, further adjustments may be necessary. BOE staffing levels, class sizes, and central office reductions were discussed. Mr. Foster noted a 25% cut in central office staffing and the elimination of assistant principals in smaller schools. The BOE faces a \$30 million budget gap, partially addressed by \$3 million in additional City funding (confirmed as coming from FY2025 surplus), a \$5 million placeholder from the State (pending legislative approval via H.B. 7277), and internal reductions. The BOE has also formally requested an additional \$6.7 million from the City to restore some school-level reductions.

Secretary Beckham expressed concern over continued reliance on non-guaranteed State funding above statutory levels that suggests the City and BOE struggles with operational deficits. With this concern, he questioned Hartford's Tier II designation.

Mr. Hamilton inquired about the \$3 million from the City of Hartford, previously identified as a one-time funding source. Mr. Freund confirmed that the City has committed this amount, using a projected surplus from the current fiscal year to supplement the FY2026 BOE budget. Mr. Hamilton also questioned the status of the \$5 million from the State of Connecticut, noting it remains uncommitted and therefore represents a shortfall in the current budget. Ms. Richard explained that the \$5 million is tied to ongoing legislative efforts, specifically House Bill 7277, which proposes a grant based on a 50% weight for special education. She acknowledged that, if the funding is not secured, additional budget reductions will be necessary to achieve balance.

e. Review, Discussion and Possible Action: Mayor's FY 2026 Recommended Budget

Mayor Arulampalam and Mr. Freund presented the \$626 million proposed budget, which includes a 0.4% increase in spending while maintaining the property tax rate at 68.95 mills. Key investments include crime prevention, early childhood centers, environmental quality, and arts and culture. The City has allocated an additional \$3 million to the Board of Education. To begin addressing structural challenges, the City has initiated discussions with the BOE about school facility reorganization and potential consolidation of back-office functions. Revenue challenges include ongoing tax appeals and reduced State aid due to changes in motor vehicle valuation. Motor vehicle taxes were negatively impacted due to the change in the State rules for valuing motor vehicles by using depreciation schedules. The City did opt to use the local option, a somewhat less impactful depreciation method. However, approximately \$440 million in construction activity is supporting permit revenues and Grand List growth. State aid projections align with the Governor's Proposed FY2026 Budget. Expenditures are increasing due to contractual payroll obligations, rising health insurance claims, and utility cost increases. The City has reduced its operating contribution to the Capital Improvement Program and is exploring bond financing for critical infrastructure projects. The Mayor emphasized that long-term fiscal sustainability depends on attracting investment and growth, maintaining a stable commercial tax base, increasing downtown residential density, enhancing neighborhood quality of life, and maintaining disciplined spending.

Ms. Hammersley made a motion to approve the Mayor's FY 2026 Recommended Budget, with a second from Mr. Luciano. Motion carried.

f. Review, Discussion and Possible Action: Hartford 5-Year Plan

At the May 1, 2025, Hartford Subcommittee meeting, Mr. Freund presented the City's FY 2026–2030 5-Year Plan. The Subcommittee recommended the plan to the full MARB for approval, with the recommendation that future surpluses be used to increase the Board of Education's allocation.

Mayor Arulampalam and Mr. Freund provided the MARB with an overview of City's 5-Year Plan. The plan is balanced using an average budget increase of 1.5% per year. Revenue assumption has the Grand List growing at a 1.5% a year increase except for FY2028, with revaluation increasing the Grand List by 13.97%. State aid has no increase through FY2030. Expenditures assumptions have payroll increasing by 3.1% and health insurance increasing by 7.0% per year. Debt service includes projected payments for the \$25 million of bonds for infrastructure improvements and for the \$25 million for the lease purchases for equipment and information technology. Education funding remains flat across the five years, while the City explores savings opportunities identified by the Mayor's Blue-Ribbon Commission, including the consolidation of certain City and BOE operations. The City is also working with the Treasurer to manage long-term pension liabilities.

In response to a question from Mr. Hamilton regarding the \$3 million in bridge funding for the BOE, Mr. Freund clarified that the funding is treated as a one-time item and is included in the Assigned Fund Balance, supported by projected surplus from the current fiscal year. Additional discussion focused on the City's capital improvement plan and long-term debt strategy.

Mr. White made a motion to approve the City of Hartford's 5-Year Plan, with a second from Mr. Luciano. Motion carried.

VI. Other Business

Ms. Kennison informed MARB members that the next two regular meetings, scheduled for June 26 and August 28, are planned to be canceled, with special meetings to be scheduled if necessary.

VII. Adjourn

Ms. Hammersley made a motion to adjourn, seconded by Mr. Luciano. The motion carried, and the meeting adjourned at 11:56 AM.