

**APPROVED
STATE OF CONNECTICUT**

MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

WEST HAVEN SUBCOMMITTEE MEETING MINUTES

Meeting Date and Time: Tuesday, January 28, 2020 10:00 AM – 12:00 AM

Meeting Location: Board of Regents Conference Room, 61 Woodland Street, Hartford CT

Subcommittee Members in Attendance: OPM Secretary Melissa McCaw, State Treasurer Designee Christine Shaw (Assistant State Treasurer), Stephen Falcigno, Tom Hamilton, Robert White

Other MARB Members in Attendance: Mark Waxenberg (via phone)

Municipal and State Staff and Others Present:

West Haven: Mayor Nancy Rossi, Finance Director Frank Cieplinski, Attorney Lee Tiernan, Board of Education Superintendent Neil Cavallaro, Jolene Barnes (Board of Education Personnel Director)

OPM: Kimberly Kennison (Executive Finance Officer), Julian Freund, Gareth Bye, Michael Walsh and Bill Plummer

Others: Michael Milone (OPM liaison, attendance via phone), Chief O'Brien of First Fire District and Chief Scafariello of the West Shore Fire District

I. Call to Order & Opening Remarks

The meeting was called to order by Secretary McCaw at 10:06 a.m.

II. Approval of minutes:

The minutes from the November 19, 2019 West Haven subcommittee meeting were unanimously approved with one abstention.

III. Presentation and Discussion: Report from Human Resource Consulting Group (HRCG)

Several individuals from the HRCG introduced themselves and presented their findings regarding the human resource function in the Board of Education. Secretary McCaw requested that they provide a high-level overview of the scope of their work done for the City and West Haven Board of Education.

HRCG indicated that a review of the Board of Education HR function was not part of the original scope of their study. The BOE was subsequently as an addendum, but payroll was not included. A number of questions were posed to and responded by HRCG representatives. Several questions could not be answered however, as they fell outside of the scope of HRCG's review.

Superintendent Cavallaro and personnel director Jolene Barnes of the Board of Education introduced themselves and provided certain additional information on the HR and payroll functions of the Board. Mr. Cavallaro indicated that the Board of Education is working with the

City on payroll and benefits administration related matters, including the sharing of a risk manager and shared services in other areas. The City has issued a RFP for payroll services. Secretary McCaw requested that as next steps for West Haven, the work done by the HRCG will need to continue and be broadened to include a study of the Board of Education payroll, use of the MUNIS system, and reviews of systems and processes in several other areas. The City will also need to continue to pursue a full time risk manager and the implementation of best practices in the human resources area.

Frank Cieplinski, the City's finance director and Attorney Lee Tiernan provided additional details on the RFP for payroll and certain human resources services.

IV. Update: FY 2019 Audit

Ms. Kennison provided an update on the status of the FY 2018-19 audit and indicated that as a result of the prior period audit adjustment that the auditor had identified during the audit, the scope of the audit had been expanded as requested by the City and OPM. The intent of expanding the scope is to identify possible additional significant adjustments needed to the financial statements, thereby lowering the risk of significant inaccuracies to the June 30, 2019 audited financial statements of the City. She believes the additional work should be completed by the end of February.

V. Update: FY 2021 BOE Proposed Budget

Secretary McCaw noted that OPM received the proposed FY 2020-21 Board of Education budget last week and that OPM was in the process of reviewing and preparing questions regarding the budget. Superintendent Cavallaro provided an overview of the proposed budget and certain assumptions used in developing the proposal. He indicated that the proposal was in line with the City's 5-year plan. Secretary McCaw indicated that the Governor's budget for the past two years had provided increases to West Haven's Alliance District Grants, although it was not specifically identified in the proposed Board of Education budget. Superintendent Cavallaro acknowledged the referenced increases. A number of questions were posed by MARB members to Mr. Cavallaro in regard to the proposed budget, possible transition to the State's Partnership Plan, and several other areas. Secretary McCaw recommended that the Superintendent keep all options open as it relates to whether to continue in the current high deductible health plan or joining the State's Partnership Plan.

Further discussion on the BOE budget will take place as the budget process moves forward. In addition to additional budget information that will be requested by OPM staff, members also made several requests for additional data.

VI. Update: Fire Districts

Mike Walsh introduced himself and acknowledged today's attendance by Chief O'Brien of First Fire District and Chief Scafariello of the West Shore Fire District. He indicated that he and Ms. Kennison recently had a discussion with the fire chiefs of the three districts and that it was very productive. They discussed what needs to be included in the upcoming FY 2020-21 budget of each of the districts, including beginning to fund the required pension contributions and to make payments towards the funding of the OPEB. He and Ms. Kennison are working with the districts to obtain a complete set of current valuations for pension and OPEB of both districts. The concept of a tri-district is still with the district attorneys but is something that the districts appear to be willing to work towards, including the savings that could be achieved from such a tri-district. The district chiefs reminded OPM that they have worked towards funding of their pensions and OPEB, although they realize that there is much more work to do on this end. Ms. Kennison provided additional details on OPM's recent work with the districts.

Secretary McCaw expressed her appreciation for the Chiefs cooperation with the MARB and OPM for working towards resolving the issues surrounding its pension, OPEB and other areas.

OPM's Director of Legal Affairs, Gareth Bye noted for the subcommittee that Fire Districts, for the purposes of the MARB statute, are municipalities that could potentially be designated for oversight. As to the West Haven fire districts specifically, there would be a need to evaluate the data of the districts to determine whether one or more of the West Haven fire districts currently meet the criteria provided in the MARB statutes.

VII. Review and Discussion: Clean Water Fund Loan

Julian Freund provided the subcommittee information on the projected loan repayment schedules for a Clean Water Fund loan that the City anticipated executing in February. Further information is anticipated to be received from the City to ensure the projects and debt service payments are in alignment with the City's 5-year plan. It is anticipated that this item will be on the February 13 MARB agenda.

VIII. Review, Discussion and Possible Action: Labor Contracts

a. ERS Unit, IAFF Local 5127 (Dispatchers)

Julian Freund provided background information related to the contract and indicated that the proposed contract had previously been presented to the full MARB at the January meeting. At that meeting, members requested an actuarial analysis of the impact of certain provisions of the contract. The actuary's analysis has been provided. MARB members posed additional follow-up questions.

Attorney Tiernan provided additional details regarding the contract proposal and how the retiree health care provisions would fit into that proposal. He commented that newly hired employees in the bargaining unit would not be offered retiree health care under the proposed contract. Ms. Shaw commented that she would like to see the underlying data behind the actuarial analysis provided. Secretary McCaw indicated that action on the proposed contract would be tabled pending receipt of underlying data from the City regarding the actuarial analysis provided. Secretary McCaw also asked for historical data on retirements of members from this bargaining unit.

b. BOE Administrators Tentative Agreement

Mr. Freund provided background information regarding the tentative agreement and a summary of the proposed contract provisions.

Mr. Waxenberg indicated his desire for further information in regard to the proposed contract and his concerns in regard to certain contract provisions. Secretary McCaw indicated her appreciation for Mr. Waxenberg's detailed review of the proposed contract. She recommended that for some detailed aspects of the contract, the municipalities be provided advanced notice of the need for background data. It is her observation that in general, municipalities model their negotiations based upon past contract agreements. Knowing ahead of time what the Board would be reviewing and looking for in proposed contracts coming in front of the Board will assist municipalities in ensuring that the proposed contract is to the Board's satisfaction. In regard to the proposed BOE Administrators contract in front of the Board, it appears that the significant item of concern is in regard to OPEB.

Superintendent Cavallaro provided additional details in regard to the OPEB liability concerns. A discussion ensued among Board members and Superintendent Cavallaro regarding OPEB and other provisions in the proposed contract.

Secretary McCaw indicated that no action would be taken on the proposed contract at this time and that a list of questions from Board members should be provided to Mr. Freund from Board members and the proposed contract will be taken up at the next scheduled meeting.

IX. Update: 5-Year Plan

Mayor Rossi indicated that the 5-year plan was unanimously approved at last night's Council Meeting. She provided the Board a copy of the approved resolution.

Further update on the 5-year plan was tabled by Secretary McCaw due to time constraints surrounding today's meeting.

X. Update: Haven Project

An update on the Haven Project was tabled by Secretary McCaw due to time constraints surrounding today's meeting.

XI. Adjourn

The meeting was adjourned at 12:22 p.m.