

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
REGULAR MEETING NOTICE AND AGENDA
Approved Minutes

Meeting Date and Time: Thursday, May 18, 2023, 10:00 AM –12:00 PM

Meeting Location: Legislative Office Building
Hearing Room 1D
300 Capital Avenue
Hartford, CT 06106

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: 424 990 786

Members in Attendance: Jeff Beckham (Secretary), Mark Waxenberg, Sal Luciano and Susan Weisselberg.

Teams Attendees: Andrea Comer (State Treasurer’s Designee), David Biller and Robert White

Municipal Officials in Attendance: Mayor Luke Bronin, Leigh Ann Ralls, Julian Freund, Leslie Torres-Rodriguez, Maureen Colman, Cheryl Blanchard, William Hull, Michele Demicco, Mayor Nancy Rossi, Colleen O’Connor, David Taylor, Matthew Cavallaro, Chief Terenzio, Pamela Alvino, Ken Carney and Rick Spreyer

Staff in Attendance: Kimberly Kennison, James Caley, Simon Jiang, Bill Plummer, Michael Reis, Lori Granato and Lori McLoughlin

I. Call to Order & Opening Remarks by Secretary Jeff Beckham

Secretary Beckham called the meeting at 10:05 a.m. noting that there was a quorum.

II. Public Comment Period – *The Public Comment portion of the agenda will be announced by the Chair. Members of the public will be provided with an opportunity to speak. Before making their comments, members of the public wishing to speak must be recognized by the Chair. Speakers may be asked to limit their comments due to time constraints of this meeting.*

There was no public comment.

III. Approval of Minutes:

- a. April 13, 2023, Regular Meeting – A motion to approve the minutes was made by Ms. Comer and seconded by Mr. Biller. The motion passed unanimously with Ms. Weisselberg and Mr. Luciano abstaining.
- b. April 24, 2023, Special Meeting – A motion to approve the minutes was made by Ms. Weisselberg and seconded by Ms. Comer. The motion passed unanimously with Mr. Luciano abstaining.
- c. May 2, 2023, Special Meeting – A motion to approve the minutes was made by Mr. Luciano and seconded by Ms. Weisselberg. The motion passed unanimously.

- d. May 11, 2023, Special Meeting – A motion to approve the minutes was made by Mr. Luciano and seconded by Ms. Weisselberg. The motion passed unanimously.

IV. City of Hartford

- a. Subcommittee Update

The written update was distributed to the MARB members. Ms. Kennison indicated that the City's refunding bonds were closed on May 10, 2023.

- b. Review, Discussion and Possible Action: Mayor's FY 2024 Recommended Budget

Secretary Beckham noted that the City's budget is balanced with a total of \$619 million, which represents a \$19.6 million increase from the FY 2023 budget. Revenue increases in the budget are from taxes of \$6 million, interest income of \$6.3 million and grants of \$5.5 million. Expenditure increases in the budget include increases of payroll and benefits of \$15.7 million and other expenses of \$3.3 million.

Mayor Bronin stated that the budget is sound, responsible and consistent with prior long-term plans which includes contingency and continues to pay for capital expenses out of general fund operating dollars and other sources rather than any new borrowing.

A motion to approve the City's FY 2024 recommended budget was moved by Mr. White and seconded by Mr. Biller. The motion passed unanimously.

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

Secretary Beckham noted that there are forecast deficits from FY25 through FY28 in the amounts of \$5.3 million in FY25, \$14.8 in FY26, \$21 million in FY27 and \$30 million in FY28. Revenue increases from .51% to .75% in FY28. Expenditures increased from 1.4% in FY25, to 2.1% in FY28. The majority are from the increases in salaries, benefits, and utility costs.

Mr. Freund provided an overview of the 5-Year Plan. The baseline forecast uses very conservative assumptions as the starting point. Those assumptions include assuming no increase in state aid or any other meaningful increases in non-tax revenues and using conservative assumptions going forward in growth and in the tax base.

Mr. Freund also highlighted the mitigation plan for the deficits in the out years. There are several vacancies which are hard-to-fill positions that historically the City has carried resulting in more vacancy savings than was originally projected in the budget. The City originally assumed that the actions of the Board of Assessment Appeals would have an impact of reducing revenues by \$3 million. Since the Board of Assessment Appeals concluded it work, its adjustments are \$1 million.

On the expenditure side, there was a correction to some assumptions for solid waste tip fees generating some savings and, the legal fees incurred by the City for the downtown North Development case will be moderate and added to savings.

Secretary Beckham asked about pension liability efforts and if the announcement of the CMERS legislation would impact the City.

Mr. Freund noted that the City has one bargaining unit that is in the CMERS plan resulting in projected savings from that plan.

Mayor Bronin noted that the City has been able to generate surpluses year after year to reinvest in capital needs and is confident that the mitigation efforts will make a difference and that the plan relies on very conservative assumptions.

A motion to approve the City's 5-Year Plan was made by Mr. Luciano and seconded by Mr. Biller. The motion passed unanimously.

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

- i. Tentative Agreement Between Board of Education and Hartford Federation of Substitute Teachers, Local 1018-E

Attorney Kaufman provided a summary of the Tentative Agreement between the Board of Education and Hartford Federation of Substitute Teachers Local, 1018-E. This labor contract will be effective retroactively from July 1, 2017 through June 30, 2026 for 96 substitute teachers.

Mr. Luciano made a motion to approve the contract with Mr. Waxenberg seconding. The motion passed unanimously.

e. Review and Discussion: Monthly Financial Report: March 2023

Mayor Bronin discussed additional improvement in the projections. The projected surplus for FY 23 is now about \$2.5 million above what it was last month. It includes an increase of \$1 million in tax collections, an increase of about \$430,000 over last month's report in interest income and about \$250,000 each from licenses and permits and from conveyance taxes. The City is already exceeding budgeted tax revenue collections so additional revenues collected will increase the projected surplus.

V. Town of Sprague

a. Subcommittee Update

Ms. Kennison noted that a written update was provided with the meeting materials.

b. Review, Discussion and Possible Action: Board of Finance FY 2024 Proposed Budget

Secretary Beckham noted that the Town's original FY 2024 BOF Budget was provided at the March Subcommittee meeting. Per the Subcommittee's request, the City revised the budget to build up the fund balance. This revised budget was approved by the Board of Finance on April 18th. The Subcommittee has reviewed, discussed, and recommended the Budget to Full MARB for approval.

First Selectman, Cheryl Blanchard provided a brief overview of the town's FY 2024 proposed budget. Ms. Blanchard stated that it's a conservative budget with about a 5.99% increase for the Board of Education. The BOE budget has, over the last several years, been under 2-1/2% increase which is not sustainable. There were no other notable changes to the budget.

Mr. Waxenberg asked if the Excess Cost Grant of Special Education to the town has been booked and transferred to the BOE. Ms. Blanchard responded in the affirmative. Mr. Waxenberg also asked if 3rd party reimbursement for special education goes to the Town, and if it therefore booked to the town and given to the BOE. Ms. Blanchard also responded in the affirmative.

Mr. Luciano made a motion to approve the budget and was seconded by Ms. Weisselberg. The Town's BOF FY 2024 Proposed Budget was unanimously approved.

c. Review, Discussion and Possible Action: Sprague Proposed 5-Year Plan

Ms. Blanchard provided an overview of the Town's 5-Year Plan. Beginning in FY 2025, one of the changes that has been made after meeting with the subcommittee, and on their recommendation, was an increase to the fund balance to the capital non-recurring fund. A bond issue will be paid off in FY25 and the town will make reservation to transfer to cap non-recurring.

Ms. Kennison remarked that she wanted to recognize the great work of the Town and the Board of Education on the 5-Year Plan. She thanked the Town for taking into consideration some of the recommendations that came out of the Subcommittee.

Secretary Beckham asked for the fund balance in the 5-Year Plan. Ms. Blanchard stated that the fund balance will increase year over year on the plan.

Mr. Luciano made a motion to approve the 5-Year Plan and was seconded by Mr. Waxenberg. The Town's 5-Year Plan was unanimously approved.

d. Review and Discussion: Monthly Financial Report: March 2023

Ms. Blanchard noted that at the end of March of FY23, the Town's revenues were at about 83% of the budgeted amount, which is in line with the previous year. Expenditures were at about 71%, which is also in line with the prior year. Revenues show a positive variance from interest income with the expectation to finish the year with a modest surplus.

VI. City of West Haven

a. Subcommittee Update

Ms. Kennison stated the May 11th, 2023 Subcommittee meeting took place at the City of West Haven High School. Ms. Kennison noted that it was a very productive meeting, and she was pleased that they took into consideration the requests that the Subcommittee had made, and that the City approved and implemented them in their revised budget.

b. Review, Discussion and Possible Actions:

i. Mayor's Revised FY 2024 Budget with City Council's Recommendation

Secretary Beckham noted that on May 4, 2023, the City Council approved several adjustments to the Mayor's Recommended FY 2024 Budget. The revised Budget was presented to the Subcommittee on May 11th. On May 15th, OPM received another revised Budget with the City Council's approval to increase Police Pension by \$168K.

Mr. Taylor gave an overview of the changes to the Mayor's Recommended FY24 Budget. The city reviewed open, vacant and new positions and made 24% reductions to several departments to account for the vacancy factor. Investment income was increased. The council eliminated the capital non-recurring budget line for this year. Expenditures will come out of the capital non-recurring fund which stands at \$1.8 million.

Mr. White commented that the meeting in West Haven was very productive. Mr. White commented that his priorities are that the right people are in the right places and wants to understand how that's being budgeted for in FY24 and thereafter. Secretary Beckham explained that the MARB has had a number of meetings and special meetings and a few executive sessions at which they have discussed with the consulting firm, Whittlesey, PC. The consultant's report is a review, an assessment of the risks and the gaps in governance and financial controls. These issues have been discussed with the City. The report is not final yet and steps are being taken to finalize the review with the consultant. He noted that the City is on notice of all the issues, having discussed them with the City in Executive Session. Due to the advice from legal counsel, the report will not be released until the high-risk vulnerable items have been corrected by the City. OPM staff developed the Tier IV Action Plan from Whittlesey's draft report discussion and the FY 21 audit findings for the Board to consider. The City is in receipt of those action items. The high-risk items will require some expenditure which will have an impact on the budget. Mr. Taylor noted these high priority order items are also the City's priority items and they have been working diligently on them. He responded to Mr. Waxenberg that some of the expenses come from the current FY23 budget. The City has been changing their internal control structure. Mr. Taylor also noted that there will be a cost to bring on qualified people into the jobs which are available. This cost is built into the budgeted contingency and confirmed by Whittlesey that the funding is sufficient.

Mr. White asked how many positions there are for FY24. Mr. Taylor responded that there are currently 32 open positions, and their intent is to fill the positions.

Mr. Luciano noted one of his concerns continues to be the lack of internal controls and that the budget coordinator, the payroll assistant, the finance director, the junior accountant, budget analyst, and procurement administration are all vacant positions now.

Secretary Beckham noted that he was not prepared to approve the budget, based on the knowledge that the City has not adequately provided for all these positions. He stated that the City has the opportunity to review the budget and the correction action plan prior to the next meeting and work to complete the priority action items presented to them.

Mr. Waxenberg requested the City's organizational chart and a historical analysis of the Police departments budgeted positions versus vacancies for the last five years to see if the City could cover that in the 5-Year Plan and incorporate some attrition of those vacancies.

Ms. Weisselberg echoed Mr. Waxenberg comments regarding the organizational chart because many people spoke at the last Subcommittee meeting about the need to reorganize city government. Mr. Taylor indicated that the City has an organization chart and will send it to the members.

Ms. Weisselberg then made a motion to disapprove the FY24 budget. Ms. Comer seconded the motion. The motion passed unanimously.

ii. Revised West Haven 5-Year Plan

Mr. Taylor provided an update on the 5-Year Plan and noted that additional changes were made. There were changes in the interest income line item and additional funding to the internal service funds. He noted that any surplus at the end of the year will be spread between the general fund and the liability accounts. Any increase in the grand list will not be put in the 5-Year Plan as a conservative measure. Measures are being taken to increase fee income.

Mr. White asked if the 5-Year Plan includes positions currently open but not those positions the consultant may recommend and also if the 5-Year Plan builds up pension and OPEB. Mr. Taylor noted the intent to fill the consultant recommended positions as a priority.

Mr. White noted that he wanted to be clear that the disapproval of the budget does not reflect substantive disagreements with the city, but rather a need to get additional information based on the topics that have been raised.

Ms. Kennison mentioned that Mr. Taylor has had ongoing conversations with Whittlesey and is up to date with all of the work that is being done. Mr. Taylor remarked that he did spend an afternoon to review the costs with the consultant who confirmed Mr. Taylor's estimates regarding outsourcing and restructuring staffing needs.

Ms. Kennison spoke about the Allington Fire and Sewer departments and the different mill rate structures and large fund balances the departments are carrying.

Mr. Taylor responded that the Allington Fire Department is planning to build a new Firehouse. Current quarters are very antiquated. The plan has not been approved but will be brought before the MARB. He noted that there is a plan and there is money budgeted for it in capital over the next five years which is why there is a slight mill rate increase.

Secretary Beckham noted that governance, financial controls and expenditures are concerns.

iii. Questions Regarding FY 2024 West Haven Budget

Secretary Beckham noted that a list of questions from the MARB members and staff has been provided.

iv. ARPA Fund Report

Secretary Beckham noted that an ARPA Fund report was presented at the Subcommittee meeting and included in the meeting package. The total ARPA Grant awarded to City is \$29 million and the remaining balance after proposed allocations is \$13,932.

Mr. White asked how \$1 million for each independent fire district was requested and approved.

Mr. Ken Carney, the City's ARPA Committee Chair, noted that the idea behind these allocations was to perform one-time projects that the City would not have to bond for and would not have to raise taxes for. He also stated that any expense in excess of \$50,000 will come to the Board for approval.

Ms. Kennison asked if there was any consideration of utilizing a portion of the \$10 million in the ARPA unrestricted funds into the city's budget.

Mr. Taylor indicated that he has not had any conversations regarding the above.

c. Tier IV Updates:

i. Update on Whittlesey's Assessment

The final report is not ready for distribution, however the City does have actionable items to work on.

ii. Update on RFP for Finance Manager

Ms. Kennison states that the contract is still under negotiation.

d. Review and Discussion: Monthly Financial Report: March 2023

Mr. Taylor noted that 75% of revenue has been received to date. Current property taxes are at 97% collections and are on the same pace as in the prior year. Motor vehicle collections have been increasing since the city announced the boot program. There is approximately \$2M in surplus by the end of March 2023.

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

i. DNR Laboratories LLC – Improvements to City Hall Conference Rooms

A contract between DNR Laboratories, LLC and the City of West Haven to purchase and install new audio-video systems in three rooms in the City Hall with a contract price of \$180,875 was presented. The term of the contract is 8 to 12 weeks.

Ms. Weisselberg made a motion to approve with a second by Mr. Luciano. The contract was unanimously approved.

ii. Design Built LLC dba Childscapes – Playscapes for Painter Park

The contract will be used to purchase two playscape systems for Painter Park for the amount of \$83,629. The funding source is the ARPA fund.

Mr. Luciano moved to approve with Ms. Weisselberg seconding the motion. The contract was unanimously approved.

f. Open Item List

The open items list was provided and briefly discussed. Mr. White asked if the City has taken any action to pursue the recovery of questioned costs in the CohnReznick report. Mr. Taylor said there were two people repaid and will follow up with the Mayor for the other ones.

VII. Other Business

Ms. Kennison noted the next Subcommittee meeting, which was scheduled on May 23, 2023 will be cancelled in order to give West Haven sufficient time to work on the Tier IV Action Plan, revised FY 2024 Budget and 5-Year Plan. OPM will schedule a special meeting prior to the next Full MARB meeting.

VIII. Adjourn

Mr. Luciano made a motion to adjourn. Secretary Beckham adjourned the meeting at 12:05pm.