**DRAFT Minutes**

STATE OF CONNECTICUT

MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

SPECIAL MEETING NOTICE AND AGENDA

MARB West Haven Committee

**Meeting Date and Time:** Wednesday August 22, 2018 2:00 – 4:00 PM

**Meeting Location:** West Haven City Hall, 2nd Floor, Harriet North Courtroom, West Haven, CT

**Members Present: Ben Barnes, Tom Hamilton, Scott Jackson, Patrick Egan**

**Other MARB Representatives: Bob Dakers, Riju Das**

**City Representatives: Mayor Nancy Rossi, Linda Savitsky, Interim Finance Director, Jack Reagan, UHY, Consultant for City**

Agenda **& Minutes**

1. Call to Order & Opening Remarks **Secretary Barnes called the meeting to order at approximately 2:10PM.**
2. Review and Approval of Minutes from June 18, 2018 Meeting **Mr. Hamilton moved, seconded by Mr. Egan, to approve the June 18, 2018 meeting minutes. The motion passed unanimously with Mr. Jackson abstaining.**
3. Status, Review and Discussion re City, Sewer Fund, Allingtown and BOE Health Insurance Costs and Projections for Fiscal Years 2018, 2019 and 2020. **Secretary Barnes noted that Segal Consulting has provided information related to health insurance costs for the City and the Board of Education for FY18 and projections for FY19 and FY20. Some additional work is needed to split out the costs to various funds and calculate offsetting revenues such as employee and retiree premium shares and rebates to determine a net cost to the City. This information remains critical for the MARB in terms of action in regard to the three year plan. Mr. Hamilton raised the need for the plan to ensure for the creation of adequate reserves, noting the 5% self-funded claim margin recommended by Segal**. **After some discussion, it was agreed that the City’s independent auditor, O’Connor Davies, should be invited to a future committee meeting to review the past and current handling of the internal service fund for health and insurance and various other funds as well.**
4. Review and Discussion Status of re Fiscal Year 2016-17 Audit, Fiscal Year 2017-18 Financial Report and Fiscal Year 2018-19 Budget**. Secretary Barnes noted the presentation made to the West Haven City Council by O’Connor Davies in regard to FY17 that was included in the meeting materials. Secretary Barnes indicated that the audit included an $18.5 million general fund balance deficit for the period ending June 30, 2017. This fund balance deficit was subsequently reduced by the City’s $16.5 million deficit financing in December 2017, with the remaining general fund balance deficit, therefore, being $2 million as opposed to the previous projection of $1.4 million. The revised projections for FY18 operations will help mitigate a portion of, but not all, of this $600,000 increase in the City’s fund balance deficit.**
5. Review, Discussion and Possible Action re City’s Revised 5-Year Plan

**Jack Reagan from UHY, a consultant working for the City, gave a brief overview of the plan and its projections. The Committee also received, in addition to the plan, a memorandum and information related to the plan from Mr. Dakers. After reviewing the plan with the City and asking questions, the Committee had the following suggestions and requests regarding the draft plan:**

* **Need to ensure that plan includes realistic net cost impact of expected salary increases, benefit revisions and other changes to employee costs**
* **Need information from BOE re their settled and open labor contracts**
* **Need to complete projections/crosswalk related to health insurance costs for City, BOE, Allingtown and Sewer Fund**
* **Need clarification re ADC calculations (talk with Milliman)**
* **Need to reconcile plan’s debt service (City/WPCA) with that provided in City’s Financial Advisor’s schedules.**
* **Administrative Capacity to identify and implement necessary changes. Plan should include actions to build short-term and ongoing administrative capacity to achieve fiscal stability and strategic vision set for City (e.g. positions, consulting resources), including in regard to Finance Office, potential CAO, managing benefit costs, project management and execution, etc**
* **Police and Allingtown Pensions. ADC needs to be fully funded in Plan. Plan should highlight need to undertake a review of plans’ funding, actuarial assumptions (e.g. investment return assumptions) and other longer-term issues.**
* **OPEB Liabilities-City and Allingtown. City is pay-as-you-go to date; plan includes amounts for advance funding of OPEB trust, starting with $50,000 in FY20 and growing to $125,000 in FY23; a question was raised if the amounts are too modest. Need plans for Allingtown as well (pre-funding, other)**
* **Fire Districts/Departments.** **Plan should include information regarding combined current total of City/District pension and OPEB liabilities, as well as combined mill rates for each year of plan. Need to address how the financial burdens on West Haven and its residents by having three fire departments will be studied and recommendations developed.**
* **Active Employee and Retiree Health Insurance. Need to complete work related to FY18 costs and FY19 and 20 projections in Segal report. Also, plan should address issues related to necessary contingency/reserves (runoff) raised in Segal report and at MARB committee meeting. Consider development of reserve policies for health and other funds**
* **Operational Efficiencies. List other areas of operational and cost efficiencies (Solid waste, regionalization, consolidation, shared functions). Plan doesn’t necessarily need to attach numbers to options; just list/identify potential efficiency opportunities to review/pursue.**
* **Establish a Sufficient Fund Balance**. **Need to show sufficient movement to 5-10% GF fund balance.**

1. Discussion of Future Meeting and Agenda Topics. **There was discussion about moving the September 6, 2018 full MARB meeting to a week later to provide time for the City to revise the plan, review it with the City Council, have another West Haven MARB Committee meeting and then present to full MARB. The City will suggest a revised time schedule for consideration.**

1. Adjourn **The meeting adjourned at approximately 4:00PM.**