FINANCE AND ADMINISTRATION COMMITTEE MEETING
JUNE 15, 2021, 6:00 P.M.
MINUTES

1. Call to Order

A. Meeting was called to order at 6:00 p.m. by Chairman Leon Davidoff.

B. Attendees – Chairman Leon Davidoff, Mayor Shari Cantor, Councilor Mary Fay, Councilor Lee Gold, Councilor Liam Sweeney, Town Manager Matt Hart, Finance Director Peter Privitera, HR Executive Director Rick Ledwith, IT Director Jared Morin, and Town Clerk Essie Labrot.

2. Executive Session

A. Executive Session was called to order at 6:01 p.m. by Chairman Leon Davidoff.

B. Attendees – Chairman Leon Davidoff, Mayor Shari Cantor, Councilor Mary Fay, Councilor Beth Kerrigan, Councilor Liam Sweeney, Councilor Chris Williams, Town Manager Matt Hart, Town Assessor Tony Dakers, and Atty. Gina Varano.

C. Executive Session pursuant to section 1-200(6)(B) of the General Statutes to discuss pending litigation, to wit: Virgil Guzulescu and Ruth Shaefer, Trustees v. Town of West Hartford, Docket No. HHB-CV-20-6061054-S (property address: 23 Jillian Circle)

D. Session adjourned at 6:14 p.m.

3. Business Items

A. Approve or Deny Certain Tax Appeals – A motion was made by Chairman Davidoff to ratify the settlement of the tax appeal filed by the owner of the property at 23 Jillian Circle, which provides the fair market value of the property on the 2019 and 2020 Grand List years is $765,000. Motion passed unanimously, 3-0.

B. Meeting Minutes of February 16, 2021 – Minutes were approved with no objections.

C. Current Year Projections – Mr. Hart reported the current year projections should continue to improve. Early in this fiscal year there was a spending freeze on discretionary spending and that has helped in other areas and revenues have improved as well.

Mr. Privitera reported when the current year's budget was adopted with the intent of using $1.5M of the Unreserved Fund balance. The last report, dated May 27, indicated of that $1.5M only $639,000 was projected to be need to close out the year. That number is down even further. The tax and non-tax collections have gone very well and we have hit 99.3% on the collection rate with a projection of 99.4% by the end of the year. The projection is for

$1.2M of additional tax revenue. The conveyance tax has been great. The last estimate was 40% over adopted. We will hit at least 10% over the building permit number. There was a discussion about not using the Unreserved Fund balance to balance this year but using some money from the American Rescue Act Plan. As the closing out of the year gets closer, the number is about 400,000. The expectation is we will be under that, roughly 200,000 to 300,000. Mr. Privitera will be coming back to Council and asking for a transfer from the American Rescue Plan funds to the General Fund to balance out the year, which preserves the $1.5M that was transferred to CNRE. This was put in CNRE from Surplus last year and it was to be used to balance out the fund balance but it is still in CNRE and it will not be used. The expenditures are stable. Things are looking well considering when the budget was adopted and there were some concerns.

D. Pension Obligation Bonds Update – Mr. Privitera attached a financing calendar to his report. There is a due diligence call tomorrow with the underwriters' council to answer any questions they have on any aspect of the sale. There was a ratings call with Moody's and S&P this week. The expectation is we will hear from them tomorrow and they will maintain our AAA rating with a stable outlook. When the bond authorization was passed, the authority was given to sell up to $365M of pension obligation bonds. Because of great performance in the pension fund, we will be selling $324.4M in pension obligation bonds, which results in significantly higher savings in the debt service of these bonds moving forward. The bonds will be sold on June 24 and closing the sale on July 8.

E. Use of American Rescue Plan Funds – Mr. Hart provided some background regarding the allowable uses of the funds, guiding principles, and the recommended process. Under the Watershed Federal Legislation, the Town of West Hartford is receiving a little over $25M directly to the municipality, of which half has already been received. Approximately another $10M is going to the school district and then more recently because Connecticut does not have a county government and the Town is an entitlement community with a population of 50,000 or more people, the County share of approximately $12M is coming directly to us as well. All told, it is roughly $47M. The allowable uses include supporting a municipality's public health response as well as government operations, replace revenue loss a municipality may have had over the last couple of fiscal years since the onset of the pandemic, address negative economic impacts to individual workers, businesses and the sector more generally, the money can be used specifically for water, sewer and broadband infrastructure which includes stormwater drainage and the last is premium pay for essential workers.

Some guiding principles were presented to the Council with respect to the use of the funds. One was to use a portion of the funding to reimburse lost revenue and restore some key positions, which has been done for the next fiscal year. In terms of aggregate spending, providing funding for projects and initiatives that would promote key policy goals of the Council such as sustainability, fiscal stability and energy improvements. Regarding economic vitality, how can the money be used to jumpstart the economy? Strategic investment in the commercial areas, the town center and elsewhere, improvements to infrastructure to allow for the holding on-street events and working with the arts and culture community. Regarding health and human services, what can be done to better position the community for a future public health crisis? There are some strategic investments that could be made in the health district. For Public Safety, similar to Health and Human Services, what are some strategic investments that could be made now in public safety equipment that would better position us to respond to these types of events in the future? For Technology, what are some continued investments in technology to continue to make operations more efficient and effective and lead to future budget savings? Finally, what projects and initiatives could the Council fund that would work to improve the quality of life in town?

In terms of the process moving forward, the Town Council would be in the driver's seat in approving all of the allocations. They have until the end of calendar year 2024 to approve a plan. We do not need to spend all of the money by that date but it needs to be allocated by that point in time. At a staff level, a proposal is being worked on regarding a series of projects and initiatives to comport with the guiding principles mentioned above.

Mr. Privitera reported there were two pots of money. The initial allocation that came straight from the Treasury Department, the $25M, and $12,230,000 have already been received. The second allocation under the county allocation, there is an additional $12.2M that has been identified. The application for $6.1M was completed and submitted on June 7 and a notification has been received stating if any errors were found, they will contact us right away. Both of those combined total approximately $18.6M, of which $4,130,000 has been committed to the Fiscal 2022 budget. There was a discussion of appropriating $170,000 to the Risk Fund to offset the unemployment compensation we are not being reimbursed on. The expectation is $200,000 to $300,000 will be used to balance out the current year.

Of the entire allocation of $37.2M, the $25M and the $12.2M, we have unallocated roughly $32.5M. Half of the $25M has been received but $4.1M have already been committed and there are hopes that half of the second allocation will be received sometime in July. Based on the Federal calculations, there is about $8.3M in lost revenue and $4.1M of that has been used. A side note, when the use of the $4.1M was discussed with the rating agency we made sure we explained that by using that we were not creating a structural deficit and there was a plan to mitigate the use of revenue and the plan was because of the low interest rate and lesser amount of money we were going to borrow on the pension bonds, we were going to save considerably more than anticipated to offset usage of that revenue coupled with the fact that most of the employees were going to be moving over to the State Partnership Plan, the health plan, and the expectation is we will save more money from that as well.

4. Communications

Nothing reported.

5. Staff Reports

A. Assessor's Report – Mr. Dakers gave a brief overview of the reevaluations. Last year started with issuing data mailers in May 2020, approximately 20,790 data mailers were sent out and over 60 percent came back. Once the revaluation is completed, there are a number of inspections that are required as a result of change information that was reported in the data mailers. Field inspections for verifications are currently taking place.

The next phase of the process is the analysis of values and sales information, which will take place concurrently. With the very active real estate market we currently are in, during the 2016 revaluation annual appreciation rates were 2.5% a month annualized at 27%. We are not even close to that level of annualized appreciation as it currently stands. The Assessor's Office tracks home sales annually and compares them to the assessments developed of those homes during the last town-wide reevaluation. The comparisons are called Sales Assessment Ratios, which are indicators in the assessment to determine whether or not housing prices in our jurisdictions and/or town are rising or falling. The last Sales Assessment Ratios from the last reevaluation on October 1, 2016, through the beginning of COVID-19 and early 2020 showed the overall prices of homes in town were relatively unchanged. Since the economy began to reopen in mid-2020 through the end of 2020 the ratios indicated overall house prices in town increased slightly less than 1% per month.

The ratios now indicate the house prices have averaged an increase of 1% per month so far in 2021. These are town-wide averages. There have been greater individual swings in values for particular homes based upon property improvements or the dynamics at play in some listings. It is too early to forecast what type of increase there will be for the 2021 reevaluation as all of the data is not in.

B. Human Resources Report – Mr. Ledwith provided a few updates regarding the Human Resources Department. Regarding recruitment, the current recruitment is for police and fire, which consistently happen throughout the year. They are the two largest departments. There is a department promotion opportunity within the Public Works Department. In the last budget the Council adopted there were several positions approved, which will be recruited for as we move into the summer months. In terms of the Worker's Compensation program, there is a self-insured retention limit of $600,000 through Safety National. We are responsible for the first $600,000 if any Worker's Compensation claim and then Safety National picks up the remaining. Safety National recently approached all of their municipal clients to inform them they will be carving out a separate self-insured retention limit for Public Safety, which would increase to $700,000. The Risk Manager has gone out to bid in conjunction with our broker because of that fact. The bids are all due this week and will potentially make a move from Safety National if we are able to find a carrier that will meet our current $600,000 limit without a significant increase in premiums.

An update on recent negotiation efforts, the Council ratified a 3-year contract with the police union from July 1, 2021, through June 30, 2024. The contract language is being finalized and should be ready for Town Manager's signature within the next week. Last week the Council ratified six CSCA contracts and all of those were retroactive to July 1, 2017, and are due to expire on June 3, 2021. We will look to continue to negotiate a successful extension on that agreement once we hit July. There is also a contract with the ASME unit, which is the Streets Division within the Public Works Department. This contract expired a later than when the CSCA agreement expires, so that one goes back to July 1, 2018. We are working on negotiations with that unit right now.

An update on the Diversity, Equity and Inclusion work, we have engaged the services of KJR Consulting to assist with the training and the goal is to provide education and awareness at every level of the organization. It began with the directors last fall with four training sessions and it was moved down to the manager and supervisor levels. We recently concluded the training with the managers and supervisors. We are working on a plan to push this work down through all of the employees at every level of the organization through the summer with KJR Consulting. Continuing with the DEI theme, the current budget includes funding for a new DEI officer. There are over 4,600 chief diversity officer position openings around the country. The new employee will serve as a strategic partner to the Town Manager and the management team with a focus on leveraging diversity, equity and inclusion to drive our mission internally and throughout the community. The job description is being finalized and hope to begin the recruitment process later this summer.

Work is finishing up on the new hire orientation video. This will help educate new employees about various Town departments. Each of the directors is giving a brief introduction of their respective departments.

C. Information Technology Report – Mr. Morin attached his staff report to the Agenda and highlighted a few. A project that is currently being worked on is multifactorial authentication, also known as two-factor authentication. It will require two vectors, you will receive a text message and then you can log in. This will be with certain systems, not all. It should be online by September 1. This was per the recommendation of the auditors as well as a requirement of cybersecurity insurance, it was not a requirement before. It will require a single sign-on, so you do not have to remember so many passwords. It also has leading questions to help users more easily report their technical issues. It integrates with our inventory and has chat and calendar integration for scheduling. We have been talking about Google for Government for a couple of years. If implemented it would replace the Town email system, improve document sharing internally as well as with the public and committees, improve online collaboration in addition, etc. It will lead to potential savings by consolidating systems. We are still working on a final quote. Starting tomorrow some site visits will begin to develop a proposal for guest wireless service in all parks and other public spaces. We are looking at 5G, which will limit some fiber construction costs.

D. Town Clerk's Report – Ms. Labrot reported the May office activity was very busy in terms of the number of land recordings. In the last couple of weeks, it has started to level off and is comparable to last June. It looks like the year will end up with a nice revenue increase over what was planned. Dog licensing started and we are in the process of doing 3000 licenses with 1500 being received so far. There is another 1000 expected by the end of June. Hopefully, online payments will be accepted next year. There have been a number of in-person transactions. The greeter in the lobby has helped keep traffic flow to acceptable rates.

Agenda management systems are being researched that have a more enhanced capability that BoardDocs is not able to accommodate. Three companies have been looked at and one of the finalists will be presenting tomorrow to the Town Manager, a member of the IT staff, and Renee McCue. We expect this product to be more integrated with the website so items are not separated, so it will be easier to find information. There is a Boards and Commissions module. Currently the Boards and Commissions are administered utilizing Excel spreadsheets and a more manual process. With the module, there would be greater transparency for the public, as well as the administration of it. Letters could also be generated automatically. These products are pretty much at the same cost as BoardDocs and even a little less and help the users find documents a lot easier.

There is a new death registry system the State is rolling out in July and in August they are rolling out a new voter registration system, so the office is going to be pretty busy.

E. Town Manager's Report – Mr. Hart reported the budget adopted by the legislature last week does do a lot with respect to the municipal aid. There was a 3.8% increase in municipal aid overall and for West Hartford, all of the statutory grant estimates remained in place, which represented an increase in the education cost-sharing grant as well as additional payment in lieu of taxes pilot funding. In aggregate, State aid is roughly $1M more than what was received for the current fiscal year. The General Assembly is in session working on the budget implementer bill and there is a section of that bill that would increase the per capita grant to the regional health districts pretty significantly on a percentage basis. The proposal is to increase that per capita grant from $1.90 to $2.60.

6. Adjournment

A. Meeting adjourned at 7:27 p.m.

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