

**TOWN OF HAMDEN, CONNECTICUT
CHARTER REVISION COMMISSION
MINUTES OF MEETING**

January 20, 2021

A meeting of the Charter Revision Commission was held on Wednesday, January 20, 2021 via Zoom due to the Covid-19 Pandemic. The meeting was called to order at 7:02 P.M. by the Chair, Mr. Dixon and roll call was taken.

MEMBERS PRESENT: Frank Dixon, Chair; Jackie Downing, Vice-Chair; Jay Kaye; Todd Berton; Joshua Sprague-Oliveira; Sarah Gallagher; Frank LaDore; Jeff Cohen; Tom Figlar; Myron Hul; Todd Moler

MEMBERS ABSENT: Lamond Battle, Secretary; Tiffany Artis-Wilson; Marnie Hebron; Nancy Olson

ALSO IN ATTENDANCE: Steve Mednick, Counsel; Budget Panelists Michael Milone, Jennifer Charneski, Paul Pernerewski, Richard Freedman and Jay Redd; Fiscal Stability Committee members Marjorie Bonadies, Craig Cesare, Curtis Eatman, Christian McNamara, Valerie Horsley, John Sullivan, Mick McGarry, Jim Pascarella and Cory O'Brien

APPROVAL OF PREVIOUS MINUTES – January 6, 2021

Moved by Mr. LaDore, seconded by Mr. Kaye and approved with 1 abstention (Hul)

AGENDA:

Review and sign-off on Action Item #1 – “Ethics Commission Membership Requirements”

Mr. Sprague-Oliveira said he likes this language better. He said it's a lot more inclusive and includes the concerns brought up previously.

Mr. Dixon then requested a motion to accept this as presented.

Moved by Ms. Downing, seconded by Mr. Kaye and Ms. Gallagher and approved unanimously.

Review of Action Item #4 – “Definition of Contract”

Mr. Mednick in talking about the 2 questions raised here since the last meeting he said there were two concerns and one was about using the word disclosing and his recommendation is to keep the language as it is. Another concern was the language at the end of the paragraph (§5-2.D.1) and he said this language was to protect people who have privacy rights either under Federal or State law and where we could not redact a document to protect those privacy rights for example if it's some kind of settlement that's in writing that is a public document and it's considered a contract it would be sent to the Council for not action but simply for their attention but if there were privacy rights and no ability to redact that document would not be submitted to the Council.

Mr. Hul asked if the Town Attorney reviewed this language and was okay with it. Mr. Mednick said yes, minus the word disclosure.

Mr. Hul said he understands the exemption from Federal or State but what he can't understand is the amount of effort that it would take to redact. After a little discussion on this and explanation from Mr. Mednick Mr. Hul also expressed his concern with not all Council members being privy to the action of the Settlement Committee that is done in Executive Session by select members of the Council on that committee with no reporting or no disclosure of their activity. He said that causes heartburn among the non-members of that Settlement Committee and he doesn't know how to address that and (unintelligible) Council members concerns the way it's being done. Mr. Hul asked is there a way of wording this where we can say either you have no right to see what the Settlement Committee does OR here's everything that the committee does and now you know OR some place in between. Mr. Mednick said this is a current requirement to submit a currently report on all contracts and we simply define what contracts are and this doesn't delve into any particular body. He said he's happy to talk to him more about it but he's not sure what else they can do.

Mr. Mednick said what he's recommending is moving forward with the elimination of the word "disclosing" and return of the word on so it would be "quarterly reports on all contracts" as opposed to a report on disclosing all contracts.

Ms. Downing moved a motion to accept the language that starts a quarterly report on all contracts and includes the language of exempting disclosures that are not able to protect the statutory rights of individuals and to accept the new contract definition as part of this section. The motion was seconded by Mr. Kaye and approved unanimously.

Budget Panel

Mr. Mednick said this panel is here to discuss budget procedures and processes and said they all have the current language from our charter to see fit here are any gaps or other safe guards or provisions that we do not have a procedure on that would align for best practices.

Michael Milone – former Town Manager and Director of Finance in Cheshire and former Controller in the City of New Haven

Mr. Milone began by saying he is a big advocate of strong budgeting and best practices because the budget is the single most important document that you work with every year. The budget is the "Action Plan" and is too often mischaracterized as just a financial document. He said the Government Finance Officers Association of America, GFOA, has a budget award for budgets that display best practices and have 4 criteria's by which they evaluate the standard of a budget. 1. A policy document 2. A financial plan 3. An operation guide 4. A communication tool. This should be kept in mind at all times when developing the budget process during Charter Revision. Transparency is critically important at the local government level and at every level. The biggest frustration he had as a government employee, was the sense of distrust and suspicion that always came from the public. The only way you can overcome this is through transparency.

(At this point, Mr. Milone lost ZOOM contact and the next speaker, Ms. Charneski presented.)

Mr. Milone rejoined the meeting after Ms. Charneski's presentation and continued by saying he echoes what Ms. Charneski said. He said the biggest challenge to the Charter Revision Committee is to come up

with guard rails and parameters, but not mix policy and regulation, to create strong structure in the Charter that allows the Executive team to be able to deal with the ever-changing landscape and adhere to best practices but without “hamstringing” them.

Mr. Milone then said he appreciated that Ms. Charneski talked about stability and continuity. These two things are most important in the area of finances. He referenced the current two year terms of Chief Executives, and said it does not give them adequate time to really develop a plan that he or she can implement, before they suddenly have to shift into election time and political pressures. He indicated he believes it would be of benefit to extend these terms to four years, if not for the Chief Elected Official, at least the Chief Financial Officer. He said this would do a lot to promote best practices and protect the government people from having to worry about mill rate increases and other political pressures.

Mr. Milone then resumed where he left off speaking about transparency before his screen went dead, saying he is a strong proponent for simplifying and creating more communication in the budget document for the residents. He believes too many budgets are just a compilation of numbers. There are many ways to increase communication to residents such as the utilization of graphs and charts, and the introductory letter in the document can be robust and specific to the issues at hand. He said some municipalities really break down and explain the Mill Rate in the document so the average citizen understands exactly what it means and what it is they are paying, and what it means to the average citizen. He said accountability is important to transparency and one way you get that is through having clear goals and objectives. He said he is a strong proponent of performance measures, quantitative or qualitative within the document (Charter?). This serves to provide a higher level of accountability within the Department Heads and gives the residents a greater sense of understanding what each of the departments is attempting to accomplish and whether they succeeded. He does not suggest this be regulated but that it be conveyed in some way as part of best practices.

Jennifer Charneski - former Budget Coordinator in Hamden and currently the Director of Finance in Darien and active in the GFOA

Ms. Charneski began by saying she agrees with Mr. Milone that there are many purposes of a budget document, chief among them is communication. She works with the GFAO and the GFOA budget committee is working on best practices for communicating your budget depending upon your audience, whether it is the Board who will be approving it, or the public. They want to view the same information but in different ways and with different context. She said accountability is important to transparency is one way you get that is through having clear goals and objectives and she is a strong proponent of performance measures, quantitative or qualitative within the document. This serves to provide a higher level of accountability within the Department Heads and gives the residents a greater sense of understanding what each of the departments is attempting to accomplish and whether they succeeded.

Ms. Charneski said she wished to discuss the structure in Darien, what is, and what is not laid out in the Charter and how the budget process works. By Charter they have a First Selectman and Town Administrator. For their budget process, it is laid out in the Charter that all departments prepare their requests both Operating and Capital, and submit them to the Town Administrator and then, she and the Town Administrator and the First Selectman meet with every department to review budget requests. The Town Administrator then presents the recommended budget to the Board of Selectman for review. The Board of Selectmen then are required, by Charter, to turn their budget over to the Board of Finance on a specific date.

The BOE also must present their budget to the Board of Finance on that date. Both budgets then move forward through the Board of Finance who then must prepare a recommended budget to submit to the Representative Town Meeting, RTM, by a specific date and the RTM has final approval. They can reduce the budget per Charter, but they cannot increase it and all of that is structured by their Charter. Outside of that, they have processes which have been developed to move the budget forward through this process, and also to address the issue of the RTM not being able to increase the budget. There are not specific provisions in their Charter on how to do that, but the Charter provides a very strong structure with a strong administrative team in place to always be adjusting their processes to make sure they are staying on top of best practices, communicating it at all steps to the public, and to the decision makers. Because it is not codified in the Charter, they do have the ability to adjust those processes. She thinks it is important that a Charter create a strong structure, but, does not get so specific as to tie the hands of the people involved in the budget process, because ‘you’ want them to be able to adapt and take advantage of new best practices.

This is the overview of the Darien budget process. Ms. Charneski said it is different than Hamden, but it works very well.

Paul Pernerewski - President of the Board of Aldermen in Waterbury, Chair of Waterbury Charter Revision Commission in 2002

Mr. Pernerewski began by saying that what Mr. Mednick asked him to speak to tonight is: In 2002 he worked on the Charter Commission in Waterbury on a Charter which had not been updated in 30 or more years. Waterbury had just been through an awful period in which the Mayor was removed from office and went to jail. The City had been run into trouble and the new administration wanted to really revamp everything and put structure in place to prevent some of the similar problems.

In 2001, under the new administration, an Oversight Board was put in place for five years because the city could not pay its daily operating expenses. Waterbury had junk bond status and could not issue bonds. The state had to issue them on their behalf and would only do so with a very powerful Oversight Board. He said the result of this, and of the Charter which they put in place, is that today, three of the major rating agencies rate Waterbury double A minus, one of the highest ratings of a city of that size in the State of Connecticut.

At the time when they were doing the Charter, they had a financial committee which dealt with all of the financial issues and after reviewing them, turned them over to the Board of Aldermen who would ultimately make the decisions. The problem with this was there was no real place to place responsibility. Everything went through so many hands that everyone assumed the person before or after them had looked at something. They decided to streamline a lot of this and placed a lot more of the authority with the Board of Aldermen. They eliminated the Financial Committee in its traditional form and put in its place the Finance and Audit Review Commission, FARC, in order to create an oversight board that would have extraordinary powers. They gave this Commission the authority to examine anything in the city related to financial and budgetary efficiency. Waterbury has a strong Mayor form of government, but this Commission was put in charge of the Audit Committee which, he said, is the one department the Mayor does not have direct control over. This FARC Commission, on its own authority, is authorized to examine any of the books or accounts of all the departments including the BOE. He said at the time, even education was a mess and everything was intermingled and hard to untangle. Authority was given to this over the BOE which normally operates separate from City government. They can review annual audits done by the

outside auditor so that they can make recommendations to the Mayor or the Board of Aldermen. The FARC Commission does oversee the Department of Audit and can require cooperation of any department, board, Commission or agency of the city in carrying out its provision to carry out its review process.

When they did the charter in 2002, most of their boards went to seven member boards, so this is a seven member board. They created in their Charter that no more than four members can be from one political party, with 3 from minority party. This FARC Commission is one of 3 boards from which no more than 3 members can be of one political party, so, four people are not from the majority party, which gives it more autonomy and takes control away from political process. The members serve four year terms which are staggered two and two. The Commission has very stringent requirements for members: Professional or business experience in the fields of accounting, management, or financial analysis, evidenced by being a Certified Public Accountant, a Certified Management Accountant, or earned a Master's or Doctorate in Business, Finance or Public Administration or, five years of experience as a Financial Officer. They are also restricted in that, no one who served in the previous three years as either a Public Official (other than a member of the Charter Revision Commission), or a political party officer can be appointed. That is, no one holding elected office within the city of Waterbury, and no officer of a national, state, central or town committee. One change he would recommend going forward is that if someone serving becomes a candidate for Public Office, they can no longer serve in this Commission.

They propose a budget every year like all the other departments. This was created in such a way that the Commission budget cannot be zeroed out. The Mayor cannot cut it back to a level lower than the previous year. The Mayor has to propose a budget, and the Aldermen have to approve a budget for the Commission that will allow them to keep operating at the level they were at the previous year so you cannot control them by cutting out their finances.

They hire the City Auditor who is really the arm that comes in and helps them implement things. Unlike other officials in the city at that level who are hired by the Mayor, and then subject to being disapproved by a majority vote of the Board of Aldermen ... in this case the Auditor actually gets hired by this Commission who makes a recommendation to the Board of Aldermen, who can then ratify the decision.

This process of having the FARC Commission, has worked out well in Waterbury. In addition, the auditor is reviewed annually by the FARC Commission, not by the Board. The Auditor is hired in accord with their Civil Service procedures, but the Auditor is reviewed and their compensation determined by the FARC Commission, not by the Mayor or any other political entity within the City.

Richard Freedman - Chair of the Board of Finance in Stamford, President of a family Real Estate Business in the private sector

Mr. Freedman began by saying that he is an elected official and will be coming from that perspective. He continued, the Stamford Board of Finance is a six member board elected on a partisan basis. Stamford is predominantly Democratic and the Board of Finance has been controlled by the Democrats for many years. He believes that Boards of Finance attract people who are naturally fiscally conservative no matter what their party is. Everyone on the Stamford Board of Finance has significant political experience. All six people on the Board right now have served in local government, and have a lot of fiscal experience in dealing with the city and that is very important. Three of the current Board Members are former Presidents of the Board of Education and some have been Presidents of the Board of Representatives. Alumni of the Stamford Board of Finance include former Connecticut Governor Dan Molloy, Justice Andrew McDonald,

and current Mayor David Martin. This is valuable because it is important to know the ins and outs of government to make good decisions. They have four year staggered terms. People run every other year. There are 20 districts in Stamford and when they run, they run City wide, not in districts.

Mr. Freedman explained, the structure of the budget submission is: the Mayor submits the Operating and the Capital Budgets. The Capital Budget goes through a careful advisory process by the Planning Board. They have separate Planning and Zoning Boards. One of the functions of the Planning Board is to review the Capital Budget. They spend a lot of time on this. In October they submit a Capital Budget to the Mayor who can raise or lower it. The Mayor submits the Operating Budget to the Board of Finance. The Board of Finance has six weeks to two months to review it and vote on it. They can only reduce it. They then pass it, both Capital and Operating, to the Board of Representatives who can only reduce it. When both Boards have made their reductions, the final step in the process is that it comes back to the Board of Finance and they set the Mill Rate. The main fiscal control is the Board of Finance. They make most of the cuts to the budget and by the time it gets to the Board of Representatives, there is not much left to cut.

Mr. Freedman looked at Hamden's Charter and saw something that would be problematic in Stamford, that being, Hamden Council has the ability to increase budget lines. He thinks that if the Board of Finance and Board of Representatives have only the right to reduce the budget, this definitely enforces a certain level of fiscal discipline. Another point is, he finds it frustrating when they spend time arguing over small items. The large items in a budget tend to be complicated and very few people understand them and he believes that this is where having a long tenure in City government really comes to the fore. If 'you' don't understand things like Labor negotiations, contracts, Pension Fund Management, Health insurance costs, you are at a huge disadvantage when setting a budget. These are all things that are very complex and take a long time to learn. Also, efficiency in Capital spending.

Mr. Freedman said the Stamford Board of Finance spends a lot of time reviewing the budget and sometimes only ends up cutting it less than a half a percent, but it is still an important discipline to go through, that being that the budget has to pass through the Board of Finance. Throughout the rest of the year, they approve all supplemental appropriations, supplemental Capital and Operating appropriations, and certain contracts. The Board of Finance has other powers granted to them under the Charter and they meet monthly with a typically full agenda having between 15 and 20 items. Right now in Stamford they are going through a major process to rebuild their schools. Their school plan has been neglected for years. A large group has been assembled to work on this project which is being heavily influenced by the Board of Finance because that is where the fiscal expertise is. It also happens to where a lot of their BOE expertise is due to their contingent of former BOE Presidents.

Mr. Freedman concluded by saying they are really the fiscal experts in the City and because they are a small group, they function very well.

Jay Redd - Investment Banker, Public Finance Expert, Advisor to Municipalities

Mr. Redd began by saying, as an Investment Banker, he is an "end user" of the budget document. As an Investment Banker, when he is hired to access the Capital markets on behalf of clients, one of the first things they always look at is indeed, the budget. The budget is the single document that gives the outside world a "peek" into 'your' financial health. It conveys your financial health to the Capital markets, to investors etc. Budgets go in trends. When it is time to issue debt to fund 'your' projects, one of the first things, 'they' do, is look at the budget and see what trend it is on. It shows what type of management style

is going on in a municipality. The rating agency process is grueling and intense. It is a trend analysis effort that centers on the budget. They will look at the current fiscal budget, they will look back a year or two, look forward prospectively, make projections, all to try to form an opinion of the financial health of a particular entity.

Mr. Redd continued, saying that some things looked at are: Expense components: Is this particular entity managing its operating expenses year over year? Are expenses growing faster than revenues? Many things come together to form the picture of the financial health. As you are going through the budget process, cutting certain things, increasing investment in others, it is important to ask yourself “What does this say to the outside world, the Capital markets, with respect to our financial health and how will we be received if we go to borrow money for things like school construction, bridges and roadways, CIP (?) ? and things like that.

Mr. Redd said he does not have much to contribute in terms of creating a budget or the budget process, but as an end user, what does that budget document do for you when you got to enter the market place to fund your programs and projects.

Questions and Answers

Mr. Pascarella said the budget process in Hamden is saturated in politics and has reached such critical mass it almost to a point of dysfunction. He believes if we want to professionalize our budget process, we need to turn the preponderance of the budget making process over to an independent body, similar to what we do with our Planning and Zoning Commission which is independent, appointed, rotating four year terms and they are independent of the political process to some degree. He asked Mr. Freedman, how long has Stamford been doing it this way? When did they implement the Finance Board? He asked of Mr. Freedman and Mr. Pernerewski, re with regard to an elected Finance Board, how do the different dynamics go between an elected and an appointed Finance Board? He asked Mr. Pernerewski how Waterbury went about changing their system to an appointed Finance Board.

Mr. Pernerewski said the Finance Board had always been appointed. He wished to clarify that the FARC Commission does not play a role in the budget process, with one exception. The Charter requires the Mayor to submit the budget and part of what he are to put in it are estimates of revenues and expenditures. The Charter says that the Mayor’s estimate of tax collection revenue must be the average of the previous three years. If the Mayor wants to give a higher estimate, he must go to the FARC and they have to certify that. Other than that, the FARC does not play a role in the budget process other than the ability to audit accounts, make recommendations. He said the budget in Waterbury is handled by political players, the Strong Mayor and Board of Aldermen, Department Heads and Budget Team.

Mr. Pascarella asked Ms. Charneski, based upon her having worked in Hamden and her familiarity with the town, what is her opinion of establishing an independent budget making authority? She replied that she thinks it is a very good idea. She said they have an elected Board of Finance in Darien and she also worked in both New Canaan which had Board of Finance. They do the majority of work on the budget and fiscal items throughout the year. She acknowledged a problem of politics in Hamden. But still even with an appointed Board, you normally get people who are fiscally conservative and financially savvy to deal with complex issues. Mr. Pascarella said strong qualifications can be put in place for appointees.

Mr. Kaye asked the Panel with regard to four year vs. two year terms, do they think it is easier, better to have four year terms? Does the two year term “handcuff ‘you’ a bit or is it ok, if, terms are not co-terminus?

Mr. Milone said when he worked in New Haven he saw continuously that, in off election years, administrative decisions took priority and as soon as they entered an election year and a political cycle, everything switched. Important projects would get put aside and derailed. Local government requires hard decisions and rather unpopular political decisions. It is easier to make those hard decisions knowing that you have a two four year tenure, rather than a two year to attain them. More energy and focus can be devoted to the administrative “side of the house”. There is more time and opportunity for learning and a greater timeline for accomplishing things. Even the simplest things in local government take an inordinate amount of time. He believes four year terms could make a very big difference. Most of the important things simply cannot be done in two years and it puts an enormous amount of strain on an elected official.

Mr. Freedman said the Stamford Finance Board has always had four year terms. The Charter changed the Mayor term from two years to four years in the mid -90s. He thinks four year terms are much, much better. He said they are volunteers and having to run a campaign every two years is a strain and will cause fewer and fewer people to want to serve in government.

Mr. Pernerewski said in Waterbury the Mayor and the Board of Aldermen previously had two year terms. Six years ago, charter reform changed the Mayor term to four years with the Aldermen remaining at two. This gives the Mayor more flexibility to have a longer term outlook, and left the voters with some sense of control in the Board terms, which was important for Waterbury because of their previous problems. This gives the Mayor a chance to really plan things out long term. It especially gives a new administration a chance to actually show what they can do before they are immediately back in an election cycle.

Ms. Horsley asked Mr. Pernerewski how Waterbury “righted the ship” given the financial constraints which Waterbury was in?

Mr. Pernerewski said one of the big keys to “righting” it was having the Oversight Board. His first five years as an alderman, they controlled everything. The result of this board was to really fix the fiscal problems. The Oversight Board had the power to not only negotiate all of the contracts, they were the final arbiter on all of the union contracts. They were able to overhaul, as if they were starting all of the contracts new. They straightened out pension issues. Employees no longer get overtime built into their pensions. The biggest problem Waterbury had at the time was an unfunded pension obligation. They had so little money in the pension fund that all of it was being paid as an ongoing expense, which is very expensive. The Oversight Board required that they make not only the actuarially required payments, but also catch up payments. They did so, and if they did not, the Oversight Board would be back as long as the bonds that the State issued were outstanding. Seven or eight years ago, they were able to bond their pension costs so their cost has gone down. It was the extraordinary powers of the Oversight Board which placed them on the right track. Then, Waterbury put into the Charter the FARC Board, requirements about how the Pension fund must be funded, how the Pension Board is made up and their behavior, a much more transparent process, the budget now has a lot more public input with two public hearings. Requires full disclosure of what anticipated revenues and expenditures are and the basis for that. The Capital budget must have a five year plan. Also, they have had two Mayors who were very good and dedicated to doing the right thing.

Mr. Horsley asked Mr. Freedman and the panelists if there are other mechanisms that they are aware of that allow oversight of union negotiations beside the Oversight Board?

Mr. Freedman replied that in Stamford they do not oversee them. The Mayor negotiates the city contracts, the BOE negotiates theirs, the Finance Board issues an advisory opinion on all contracts and the board of representatives has to approve the contracts. If it rejected it goes to arbitration. He said you need a Mayor who knows how to negotiate and who surrounds himself with good people who know how to negotiate. Mr. Mednick added for the record that this is all governed by the Municipal Employees Relations Act, not by Charter. The Mayor is the negotiator and the Legislative body has limited authority. They have the power to reject. Mr. Milone added that the Legislative body has the right to have a representative present at the negotiations. They do not have a vote, but they have a right to participate and ask questions.

Ms. Horsley asked Mr. Redd to describe a couple of examples of what he would see as red flags in a budget and how to avoid them. Mr. Redd had to leave the meeting prior so she will contact him for follow up.

Mr. Milone said there is a document which he provided to Mr. Mednick called the Financial Trend Monitoring System recommended the GFOA established years ago. It is a model that the credit rating agencies follow which lists critical factors to be looked at year to year that will indicate signals if you are at point where problems are starting. It breaks it up into categories and indicate characteristics to be looked at.

Mr. McGarry reference the term 'flexibility' he said some panelists had mentioned. He asked them to describe what that looks like and give more detail.

Ms. Charneski replied that she was thinking in terms of the budget process and the communication in the document, how information gets to the decision makers. In Darien they have been able to have flexibility in that process. It is nice to have a charter that sets up that process, but is not too specific so that it allows players in the process to come up with steps and documents that work well and can change with the times.

Mr. Milone said in Cheshire, they controlled by bottom line of every department which gave the managers an immense amount of flexibility to react to changing situations without having to get tied up in a transfer process. The level of transfers is one way to increase flexibility. Also the level bidding level, if it is too low, can hamstring if there is a need to move quickly on a project. Also, pertaining to flexibility, the level at which purchasing orders and requisitions get approved, if it has to go through several levels of review and control. Give the managers a certain amount of autonomy so they can go about the business of providing services.

Mr. McGarry asked about the controls on line items. Are they in general support of line item budgeting?

Mr. Milone said he is totally in support of line item budgeting. It is the level of control. They had line item budgeting in Cheshire but, they did not have to do transfers unless there was the likely hood of over expending the total budget of the Fire Department or Police Department. He is in support of line item budgeting. It is about how 'you' manage them and control them.

Mr. Pernerewski said "you' have to look at what the magnitude of the transfers are and how granular you are getting to do them. In Waterbury, the managers can make transfers within (broad) (?) categories. Large transfers within large categories go to the Finance Director to go back to the Board of Aldermen for approval.

Ms. Charneski said at one point in time in Darien, all transfers had to go before the Board of Finance and it was interpreted to mean every single dollar and it became cumbersome. Then to her up to a certain dollar amount and to her and the Town Manager for a higher dollar amount. If something is controversial, they bring it to the Board of Finance. They have tried to craft a policy mindful of having the right controls, but

recognizing that management needs to be able to function and not have to wait a month for approval on transferring something.

Mr. McGarry said he is very interested in some of the non-political models discussed whether it is a Board of Finance or non- elected group of Finance professionals. He asked, what is the role of the Director of Finance? Would their role change if this model were adopted? How does the Finance Department work within these other models?

Ms. Charneski replied, that based on her experience, she does not think their role would change very much. They would still be responsible for accounting, payroll, budget administration and working with departments to identify what items need to go to the Finance Board, whereas now, they work with them to see what needs to go before the Council.

Mr. McGarry asked why not just incorporate some of the powers of the Finance Board within the Finance Department?

Ms. Charneski said it is important to have accountability to your tax payers and have the Boards who are making decisions on what is done with public resources be made up of the residents of the Town and be accountable to the Town, either by direct election or appointment by those who are directly elected.

Mr. Freedman said he wanted to point out that we should not conflate the two boards, the Financial Audit Board in Waterbury and the Stamford Board of Finance. The Stamford Finance Board is very similar to Hamden's Legislative Council. They have more than advisory power, they have the right to reduce lines. So he points out that is the way they are very different from an appointed Audit Board. They do have the power to audit, but rarely exercise it.

Mr. Milone said to think of it as the Board of Finance is part of the Legislative branch, the Finance Department is part of the Administrative branch. The Finance Board focuses on one thing while the Council is responsible for many things. Basically, you are taking many of the responsibilities of finance away from your council and giving them to a small group who are dedicated to one thing, a separate body you have created with greater expertise in finance and more time to devote to the city's finances. To give the Board of Finance powers over to the Finance Department is muddling the checks and balances wanted, and possibly compromising them.

Mr. McGarry noted that they can only reduce the budgets, not increase. Mr. McGarry asked how this would affect our ability to create policy for things they want to fund.

Mr. Milone said make clear your goal, objectives, timelines, performance measures, and tie together the funding with the goals with the expectations because the fear is, this isn't going to reoccur, make sure you underscore the fact that this is going to be a one revenue and underscore the fact this is unlikely to be re-occurring, because once you create that service there is a continuing expectation for it. Use it prudently and clearly ear mark it so it doesn't become an expectation that it will be added to the budget in the next fiscal year.

Mr. Freedman said it Stamford Charter Revision is controlled by the Board of Representatives and it is a substantial forfeiture power to give up your power to increase lines but, it imposes real discipline on the budget process and to an extent, de-politicizes the process. It has worked out well in Stamford.

Mr. Pernerewski said in Waterbury, they do have the right to increase or decrease the budget and the Mayor has the right to veto the budget and takes two thirds of the Board of Aldermen's vote to override. While he does understand the idea of imposing discipline on elected officials, politics is the way we make policy and decide how we are going to spend our money, so it seems to him they, elected officials, should have full flexibility to do that. The way you control that is by who you elect. In Waterbury, Board of Aldermen are up for election every two years.

Mr. LaDore asked Mr. Pernerewski who hires their Town Auditor. Mr. Pernerewski said, the hiring of the City Auditor has to follow the Civil Service procedure, but is actually hired through an interview process and a recommendation by the FARC Commission. The recommendation is then sent for approval, or disapproval to the Board of Aldermen for a majority vote. This is the internal auditor. They also have independent, outside auditors who review the books because of all the various state and federal monies. Mr. Ladore asked who appoints the FARC Board. Mr. Pernerewski said the Mayor does, and they go before the Board of Aldermen for approval.

Mr. Ladore asked Mr. Freedman is there minority representation on their Board? Mr. Freedman said it is as per state law, which he thinks is, no party can have more than two thirds, which on their Board is the same as a majority.

Mr. Cohen asked Ms. Charneski, if at times they go outside of their Charter to have flexibility. Ms. Charneski said at times, the town has had to find ways to put in procedures to allow them to be more efficient because the charter has some built in inefficiencies. An example is, since their RTM doesn't meet frequently, at most, once a month and that, not always, and they have 100 members, so it is difficult to call a special meeting. so when they adopts the budget, they always do a bond refunding resolution for up to a certain dollar amount, because if a bond opportunity comes up, they need to be able to move on it. Also, with regard to a body having the ability to increase or decrease, the RTM is the final budget vote and they can only decrease the budget. There are circumstances where someone on the RTM may feel strongly that something should be appropriated, and so, the RTM, Finance and Budget committee have teamed up during the budget process so that the RTM can have a voice in communicating with the Board if they feel very strongly that something should stay in, before the budget to gets to the final stage.

Mr. Cohen asked Ms. Charneski if they have language built into the charter that allows that flexibility to be official. Ms. Charneski said not so much language in the Charter that allows it, but that there is no language in the charter that restricts it.

Mr. Cohen asked if there was some language to do with unforeseeable and Mr. Milone replied yes.

Mr. Cohen asked Mr. Pernerewski to what extent is the Mayor involved in finances in Waterbury? Mr. Pernerewski said the Mayor has very little to do with the Audit Department and it is not part of the budgeting or spending process in the city. The Mayor has a lot of control over the finances and proposes the budget. He keeps his budget committee operating on a 12 month cycle even though the budget process is 6 months. They along with members of his office and the Finance Department monitor the on-going expenses for all departments and make decisions on how to fine-tune things, perhaps holding back certain expenditures or not filling a position etc.

Mr. Cohen asked Mr. Pernerewski about credentials for the Finance Boards, as far as, if a business person who worked in the field of business for many years as an entrepreneur, but did not hold the degrees earlier referenced, could possibly serve. A brief discussion followed on credentials.

Mr. Cohen asked Mr. Freedman what he meant when he used the word “dysfunction” earlier. Mr. Freedman replied that they had some very disruptive members on their board who ground the business to a halt.

Mr. Cohen asked about projections made about budgets which was mentioned earlier in regard to if there was a not good year in the budget history etc. Mr. Milone said he worked with some rating agencies and the most important thing is to be honest and forthright because they will know everything that is going on in your municipality. The most important thing is to have an explanation as to why it happened and have a solution. They pay close attention to the plan you put in place to address the problem. It is important to keep them apprised of your progress and not wait until the next credit review.

Mr. Cohen asked if any Town Charters allow Towns to actually invest their funds in order to secure more funds.

Mr. Milone said there are very strict guidelines established by the State as to how municipalities can invest their funds. There is a little bit of flexibility with the fiduciary, the pension funds. The panelists indicated that funds are invested very short term like 6 months, and very conservatively.

Mr. Hul asked regarding “oversight function” how that function works when the information you are seeking/need in order to make a determination is not forthcoming to the oversight function. He referenced the internal auditor in Waterbury and asked if that is the only way to glean that information.

Mr. Pernerewski said they have not run it to such a problem, but presumably the FARC or Oversight Committee could exercise their authority. The Board of Aldermen also has the right to call in any Department Head or City Official to address anything in the preve of the Board of Aldermen. Mr. Pernerewski said, the Mayor has power and everyone is answerable to the Mayor. In the 20 years he has been there, they have never had that problem. If it ever broke down to that, it would be a legal process through the FARC or Board of Alderman to have the information provided to you.

Mr. Hul referenced that they all have faith in their administrations and boards and indicated that they have good relationships, but asked do they back it up with their policies, procedures and ways of doing things that are documented that says, “this is what is going to happen in all these circumstances”, and not have to rely on the person in that position in order to move government forward?

Ms. Charneski said absolutely, any time they make a policy or procedure, they always frame it around, not who is in a particular position, but what a position should have authority to do. Mr. Hul asked about the other towns financial systems and if they were robust enough to collect and disseminate their information. He referenced Hamden having had MUNIS for many years, and asked opinions. A brief discussion followed on MUNIS with most speakers agreeing that MUNIS is quite acceptable and they have not seen anything they deem to be very superior.

Mr. Hul asked the panelists about a time faced annual budget and a multi- year budget. Do they see a need for time facing the annual budget as a control mechanism, and secondly, on a multi-year, how do ‘you’ deal with changing priorities, so that things are not set in stone, at a time when it is not feasible anymore?

Mr. Milone said fortunately, as with the Capital budget in Hamden, you are looking at a multiyear plan but only committing dollars in year one. That is designed in order to deal with that reality that Mr. Hul just pointed out. Year two to year five is designed with the realization that circumstances are going to change and adjustments will be required. You cannot appropriate dollars beyond year one.

Ms. Gallagher asked the panelists about the role of the different boards and commissions in making adjustments to increases, whether it be the mil rate and on the revenue side in making adjustments and projections.

Mr. Freedman said on the process of setting the mil rate, once his board and the Board of Reps have cut the expense lines, it comes back to them and they set the mill rate. He said that is fundamentally an exercise in revenue estimation. His board goes through the revenue lines very closely. That is a key function of their Board of Finance.

Mr. Milone said, regarding revenues, that monthly reporting is very important. MUNIS is a very good way to go back years and see what is happening month to month. It is important to have a robust review of your revenues.

Ms. Charneski said in Darien, their departments craft their revenue estimates, they have to think through economic conditions and other assumptions and the Town Administrator and the Board of Selectman review them, sometimes leaving them as is or making minor adjustments. Once the Board of Finance puts forth its recommended budget the RTM cannot touch revenue.

Ms. Gallagher asked with regard to the budget moving through the different layers, Mayors, committees, boards, how do you align policy priorities across the different layers? Particularly in regard to equity?

Mr. Milone said their Council would establish basic goals which would filter down to the Chief Executive. He said in Hamden, the Mayor should have goals that are clear and they should be filtered down to the various departments. As the departments develop their budgets, the goals and objectives should be translated into action items within those budgets like a pyramid, so all, are basically working on the same thing. He suggested utilizing some of the performance measures in the Hamden budget because it helps to hold department heads accountable and determine how you are succeeding. He said it all boils down to having a "tie-in" of the department goals, the Mayor's goals etc. so there is a general alignment of what everyone should be working on and what is expected.

Ms. Gallagher asked the panelists in reference to their redesign and restructurings of their budget processes, to recommend, or what they would recommend as a re-design for Hamden and what would bring Hamden fiscal stability.

Mr. Pernerewski indicated that Hamden is not in the terrible situation that Waterbury was and the things they added in at their restructuring would not be beneficial to Hamden.

Mr. Freedman said theirs has been the same for a long time, at least 50 years or longer.

Ms. Downing asked Ms. Charneski to comment based on her having experience working in Hamden. Ms. Charneski said she thinks what will improve finances anywhere and particularly in Hamden are two things: having stability and knowledge in your top executives, department Heads and Finance Director, and Department Heads with financial knowledge. Also, critical is that whoever your decision makers are educated on the two most complex and expensive items dealt with within a municipal budget: pension and benefits and debt load. Once you go awry on these it is very hard to get righted.

Mr. McNamara asked if there are things that can and should be done within the Charter to promote the multi-year view or is that a function of culture and having the right people in place.

Mr. Pernerewski said in Waterbury, the Mayor must present a 5 year Capital Plan as part of the budget and it a Charter related issue. Ms. Downing asked if that was for the Operating budget as well. Mr. Pernerewski said it is not. The Capital budget is part of the planning process.

Ms. Bonadies asked regarding reimbursement, is that something they see as normal practice in budgeting? For example they see reimbursements to some of the town departments that have a role in some of the Capital plans. For example, if we are going to borrow money for paving roads, and our Public Works Department is putting in drainage, do you normally see that as a reimbursement or payment to a town department in the budget and is that normal?

Mr. Milone said it is not uncommon as long as it is a legitimate expense in the department, and the time worked and the materials required can be substantiated, it is acceptable.

Ms. Bonadies indicated if we don't pass enough funding to do that Capital project, to do that reimbursing, then we have a hole in our budget.

Mr. Freedman said he cannot speak to whether it is acceptable practice, but it would make him uncomfortable because you are paying for part of your operating budget out of your Capital budget. A brief discussion followed. Mr. Milone suggested asking your Bond Counsel to give you an opinion on using those funds for that purpose.

Ms. Bonadies referenced departments heads having accountability for what work was completed. She said that they are asked for money for projects but they never get any type of reporting on what projects have been completed, or whether there was money left in that account or if it had been re assigned. She asked if anything could be put in the Charter regarding having departments report to them on these things, that the borrowings are accounted for, that the Capital plan projects either get done or don't get done. She also asked for any comments on "sweeping".

Mr. Freedman said they generally get reports on closeouts once or twice a year, or if there is a supplemental Capital appropriation it will often be accompanied by a closeout. Ms. Bonadies said that does not happen in Hamden. Can it be put in the charter? Mr. Freedman said it does not have to be, it can be done by ordinance. Mr. Milone suggested putting in a provision for requiring a in status report on all projects whenever a request is put in.

Ms. Bonadies asked regarding our pension fund, saying we are severely in debt and have borrowed money in 2015 to fund the pension fund, we have pushed every button and pulled every lever to keep our heads above water. She said she would really love to know from someone who has lived through it, what we can do. She said our bond status is one level above junk bond and we don't know how to get out of this and we are looking for someone like the MARB to come in and save us. Please any help.

Mr. Dixon asked that the panel just reply with a general overview and contact Marjorie outside of the meeting to continue, as it is very late and the meeting has run well over.

Mr. Pernerewski said in Waterbury, when they had the Oversight Board, they used a two pronged approach. They started actually making the required payments into the pension fund which you would normally make and then there was the catch up payments which the Oversight Board imposed on them. It will take several years before you get to a fully funded pension. After that, they were able to get their bonding status back up so they could actually do Pension Obligation Bonds. By Charter, they are now required to annually make the proper payments. Also, they now cannot take/borrow money out of their pension fund

for any other payment. A brief discussion followed touching on reduced capital spending, the MARB, or the comparable State intervention which had come into Waterbury which now has a 62 mil rate.

Mr. Dixon recognizes the great concern over this Hamden financial situation topic. He asks that questions be submitted to the Charter Revision Commission formally through their email, CRC2021@hamden.com so they can be added to their agenda. He then thanked the panel.

There being no further business Mr. Dixon requested a motion to adjourn. Moved by Mr. Kaye, seconded by Mr. LaDore and the meeting adjourned at 10:17 P.M.

Respectfully submitted,

Kim Renta
Clerk of the Council

(Minutes generated with the help of Rose Lion)