

Advisory Commission on Intergovernmental Relations

Friday, December 2, 2022

A video recording is available at: <http://ct-n.com/ctnplayer.asp?odID=21200>

Members present: Kyle Abercrombie, Maureen Brummett, John Elsesser, John Filchak (Vice Chair) , Sam Gold, Matt Hart, Martin Heft, Laura Hoydick, Karl Kilduff, Jeffrey Kitching, Keith Norton, James O’Leary, Francis Pickering, Troy Raccuia, Lon Seidman, Brendan Sharkey (Chair)

Members not present: Carl Amento, Luke Bronin, Sen. Stephen Cassano, Brian Greenleaf, Harrison Nantz, Neil O’Leary, Ron Thomas, Mike Walsh

Other participants: Lou Rosado Burch, Rebecca Dahl, Laura Francis, John Harkins, Sheila McKay, Brian O’Connor, Rick Porth, Joe Riter, Laura Rosenbluth, Margaret Wirtenberg

Member vacancies: Nominated by COST: Municipal official: Town of <10,000 population

OPM staff: Bruce Wittchen

1. Call to order and overview of telemeeting procedures

Commission chair Sharkey called the meeting to order at 10:35, noting the lack of a quorum of members at that time, and said agenda items requiring a vote would be postponed until a quorum is present later in the meeting.

2. Approval of the minutes of the [November 10, 2022 meeting](#)

A quorum was not present at first, but the group later returned to this item after reaching a quorum and a motion was made and seconded to approve the draft minutes of the November 10, 2022 meeting. The motion passed unanimously.

3. Membership update, if any

There were no updates.

4. 2023 Meeting Schedule

Commission chair Sharkey described the tentative ACIR and subcommittee schedules for 2023, noting that there was some interest in changing ACIR’s meeting time to better fit some people’s schedules. Bruce Wittchen will poll members to learn if a different meeting time might be better. A quorum had arrived at this point of the meeting and the group returned to agenda item #2 and then proceeded to agenda item #5,

5. ACIR regular reports

- 2023 Mandate Compendium Supplement (due January 15)

Bruce Wittchen described the [draft report](#) and noted that the initial draft had been distributed to members in August for their review. Commission chair Sharkey noted that a quorum is present and recommended the group consider the report this month, not next. A motion was made and seconded to approve the draft report.

Commission vice chair Filchak pointed out the impact of inflation on mandates, noting that the municipal affordable housing plans required by [CGS Sec. 8-30j](#) cost more than they had when the legislation was passed in 2017 and can no longer be prepared for the [\\$15,000 grant funding](#) available from the state. Commission chair Sharkey recommended mentioning that in the report preamble.

Commission member Hart accepted that change as a friendly amendment to his motion and Commission member Pickering, who had seconded the motion, agreed. The motion was approved unanimously and Commission chair Sharkey and Bruce Wittchen will discuss the specific change to be made before submitting the [final report](#).

6. CT Local Government of the Future initiative (notes of [11/22/2022 meeting](#), 11/29 not ready yet)

- Property Tax Restructuring ([11/28 draft proposal](#) – this will be focused more narrowly to summarize a few recommendations the ACIR considers to be priorities for 2023)

Commission chair Sharkey re-capped discussions of this initiative to date. He also mentioned the encouragement he has received from [Dept. of Revenue Services](#) Commissioner Boughton. He noted that a number of options have been suggested but we have a moment to accomplish something now, with a Governor beginning a new term and the state having funds available. We need to attach price tags to specific proposals to improve equity and efficiency. The problems have been studied and there is no time for consultants.

Commission chair Sharkey provided an overview of the ACIR's recent Book Club, in which people met weekly to discuss assigned reports and identify key recommendations. He added that Commission vice chair Filchak incorporated all of those into the [11/28 draft proposal](#) circulated for this meeting. At its meeting on Tuesday, the LGF subcommittee decided to focus on six recommendations at this time: four on the expenditure side and two on the revenue side. He showed his [condensed version](#) of the earlier proposal. NOTE: it was later determined that the circulated (and linked) version had been edited further.

The condensed version begins with three paragraphs and Commission chair Sharkey recommended also adding a description of the ACIR to that. He provided an overview of the recommendations and said his cost estimates can be fine-tuned. He highlighted the significance of the recommendation regarding special education, which is a major investment, and pointed out key aspects of the other recommendations. He noted that CCM's Rick Porth has emphasized that the goal should be for members to agree with the overall package even if they don't agree with every recommendation.

There was a discussion of various issues regarding fees collected by municipalities, which is addressed in Recommendation 6, including that municipalities should not have to collect fees on behalf of the state but should be able to recoup their own costs. There was a description of municipal fee collection in other states and it was noted that CT imposes limits on such fees.

Regarding Recommendation 3, Commission member Pickering noted that the intent is to move towns with stand-alone pensions into the MERS system, not the non-pension towns. He mentioned OPM collecting data for the fiscal health monitoring system, but he has not seen the data. He also mentioned federal grants and recommended against the expectation for municipalities to have skin in the game to show a project is worthwhile. Instead, grant giving agencies should be strict and not provide funding if a project is not good. He also mentioned that although many fees collected at the municipal level are relatively small, the amount collected in property transfer fees is significant.

Regarding Recommendation 4, Commission chair Sharkey mentioned a previous meeting's discussion of recent Federal Reserve Bank of Boston reports and whether its work on municipal and education needs and cost capacity gaps should be referenced:

<https://www.bostonfed.org/publications/new-england-public-policy-center-research-report/2015/measuring-municipal-fiscal-disparities-in-connecticut.aspx>

<https://www.bostonfed.org/publications/new-england-public-policy-center-research-report/2021/reforming-connecticuts-education-aid-formula-to-achieve-equity-and-adequacy-across-school-districts.aspx>

Commission member Pickering said the capacity gap concept is good but he does not agree with the estimate provided. The group returned to the topic of MERS, in Recommendation 3, and it was noted that creating a new 2nd Tier could provide an incentive for stand-alone pension towns to join.

Commission member Hoydick urged caution regarding the proposed state oversight, highlighting the Yankee Institute's [2021 report](#) that she said incorrectly identified Stratford as being the state's most fiscally distressed town. There was a discussion of the approach to be taken in the ACIR's report and that the group's concern is about municipalities that are spiraling, not those that are already taking action to solve it.

Commission member Elsesser recommended that the reference to regional health districts in Recommendation 2 also include language about combining workforces. He also mentioned that [regional councils of governments](#) (COGs) would be an appropriate level for storm water management because storm water problems extend beyond municipal boundaries. Regarding the portability of retirement benefits mentioned in Recommendation 3, he said employees of a town in MERS will not go to a non-MERS town. A new MERS Tier to match existing non-MERS plans would be beneficial and the recommendation should also address long-term disability and insurance. Commission member Elsesser also mentioned the actuarial fee savings a non-MERS town can gain by joining MERS and added that a lot of cash flows back and forth to the state, imposing an administrative cost.

Commission member Hart agreed about the need for a new tier in MERS that is more affordable for employers. He said it currently is all or nothing now and he mentioned looking into moving when he managed a small town. In addition to the regular costs there would have been an upfront \$700,000 buy-in charge to move twelve firefighters into it. He also said the state should incentivize, not mandate regionalization. Higher per capita grants to regional health districts would incentivize towns to join or form regional districts.

Commission chair Sharkey said COGs and [regional educational service centers](#) (RESCs) have matured to the point of being able to do what the ACIR has in mind, but noted that some are not inclined to take on such roles, even with incentives. He asked what the ACIR should do. Commission member Hart said COGs might be in support of things towns would resist. Commission member Hoydick agreed with Commission member Hart and noted that her town's health department is accredited while Bridgeport's is not. Commission vice chair Filchak also agreed, but noted the state has 73 health departments now and could have fewer if regional districts were incentivized adequately.

Commission chair Sharkey raised the question of whether to consider consolidated approaches by means other than providing incentives. Commission member Elsesser said that would be appropriate for emerging issues, such as handling new requirements for storm water. The state should not allow that to be handled at the municipal level; it should not allow the existing fragmentation to get worse. Commission member Pickering said public safety answering points should be regionalized but regionalized assessment and public health operations probably would

not yield cost savings in Fairfield County. He also noted the inefficiency of towns paving and plowing to the town line. Commission chair Sharkey said it would be necessary to analyze options for different services.

Commission member Heft noted that he will be unable to vote but asked if RESCs currently receive any state funding. He said his understanding is that they are funded by fees for services provided, but the ACIR can propose to add state funding to incentivize further shared services. He also asked how property tax reductions resulting from the ACIR proposal would be measured, noting that mill rates did not go down following \$300 million in local aid. Commission chair Sharkey asked Commission member Heft if the [Regional Performance Incentive Program](#) (RPIP) can be the platform for the ACIR's proposals with increased funding. Commission member Heft noted the difficulties regarding the effect on mill rates but that is being ironed out.

Commission vice chair Filchak said people can debate mandating vs incentivizing but he recommends encouraging a piloting approach if a COG wants to try something new. Regarding the concern Commission member Pickering had mentioned about needs/cost capacity gap estimates, he also recommended meeting with Federal Reserve Bank of Boston staff to refine those calculations. He also mentioned that not all property tax studies recommend local options for diversifying revenue and added that the legislature will ask how to pay the state's cost for the proposals. He mentioned the estimated magnitude of state taxes that are not collected each year and said the Dept. of Revenue Services needs adequate staffing and technology to address that.

Commission chair Sharkey asked if the group is willing to vote on the general concept with changes to be made in the coming weeks. A motion was made and seconded to do that. There was further discussion of the general outline of the listed topics but with changes to be made based on input received. Commission vice chair Filchak said the group can meet again if there is significant disagreement. The motion passed unanimously, with Commission members Hart and Heft abstaining. Commission chair Sharkey said the group will reconvene if members have concerns about the changes to be made.

Commission member Hart said he would prefer that the service consolidation item focus on incentives, not mandates. For instance, an increase in the state per-capita payment for regional health districts would incentivize towns to join a regional district. He added that the regional health district statutes specify a process for combining workforces from separate towns that could be a model for consolidating other services (see CGS [Sec. 19a-244](#)). He also suggested removing statutory barriers to consolidated approaches.

Regarding the earlier discussion of distressed municipalities, Commission member Pickering said the process for identifying municipality as distressed could be reconfigured. He noted that one of the criteria is the age of the housing stock and pointed out that many older are valued more highly. The focus should be on fiscally stressed communities.

Commission member O'Leary recommended measuring how towns respond to new revenue from the state. If the state provides an additional \$300 million for special education, do towns respond by cutting property taxes? Or do they spend that on other things, needed or not. Commission chair Sharkey provided some background regarding that concern and pointed out that there might not be a dollar-for-dollar reduction. He said the goal is structural change, a redesign of the tax system. A local official not translating such funding into local tax savings might lose office. Commission member O'Leary mentioned the regional health district and regional dispatch in his area and said it should be possible to look at the savings and improved services resulting from those.

Commission member Gold agreed about the benefit of providing a statutory pathway for merging workforces, noting that the alternative would have to be a special act of the legislature. He noted that not every town will save money, pointing out that some are currently underserved, and said

they can become a safer community and might also experience economic benefits due to offices being open more often.

Commission chair Sharkey pointed out the advantage of a representative of labor being a member of the ACIR and said that is an important voice in this process. Rick Porth said he appreciates the tone of the group's discussion and Commission chair Sharkey noted the difficulty resulting from people receiving his document so late. There was a discussion of the changing leadership at the [Planning & Development Committee](#) and Commission chair Sharkey suggested inviting the new co-chairs to the ACIR's January meeting.

7. Other Old Business

- Update: ACIR representation on [Task Force To Study Title 7 Of The General Statutes](#)

There was no further discussion.

8. New business or any other municipal, regional, or state matters for ACIR consideration

There was no further discussion.

9. Additional public comments if any

There were no additional comments.

10. Next meeting

Commission chair Sharkey said the subcommittee will meet on 12/27 if needed and it was noted that the ACIR's January meeting will be on the 6th, not the 7th.

Upcoming meetings will be:

- Tuesday, December 27, 2022, 10:30 am Subcommittee
- Friday, January 6th, 10:30 am Full ACIR

11. Adjournment

The meeting adjourned at 12:27

Minutes prepared by Bruce Wittchen, OPM