

**CITY OF BRIDGEPORT
BUDGET AND APPROPRIATIONS
COMMITTEE
REGULAR MEETING
AUGUST 9, 2021**

ATTENDANCE: Ernest Newton, Co-chair; Scott Burns, Co-chair; Jorge Cruz, Jeanette Herron, Matthew McCarthy, Mary McBride-Lee

OTHERS: Council President A. Nieves, Council Member(s): M. E. Brantley & R. Roman-Christy; T. Gaudett, Mayoral Aide; T. Gill, OPED Director; K. Flatto, Finance Director; G. Malheiro, Port Authority Executive Director; N. Nkwo, OPM Director; Barbara, Call-in User 1; Denise Purefoy, 203-275-6420; 203-880-5666; 929-436-2866

CALL TO ORDER

Co-chair Newton called the meeting to order at 6:03 p.m. A quorum was present.

APPROVAL OF COMMITTEE MINUTES:

• July 12, 2021 (Regular Meeting)

**** COUNCIL MEMBER BURNS MOVED THE MINUTES OF THE JULY 12, 2021 MEETING.**

**** COUNCIL MEMBER HERRON SECONDED.**

**** THE MOTION TO APPROVE THE MINUTES OF THE JULY 12, 2021 MEETING AS SUBMITTED PASSED UNANIMOUSLY.**

**** COUNCIL MEMBER BURNS MOVED TO SUSPEND THE RULES TO ADD AN ITEM REGARDING THE CITY OF BRIDGEPORT GENERAL OBLIGATION BONDS**

**** COUNCIL MEMBER HERRON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

• 2018 Port Authority Audit Review.

Mr. Flatto offered to give an overview of the audit. He said that he had been assisting the Port Authority with their financial records. Previously, the Port Authority had been doing a compilation of their finances. A few years ago, the Port Authority had applied for a grant and they were required to submit an audit. The third party that was helping the Port Authority felt that they could not do the audit, so Blum Shapiro agreed to do the audit. Their fiscal year ends on December 31st of the calendar year. The current audit was for the calendar year of 2018.

Mr. Flatto said that this audit was for information only and there was no action required by the Budget and Appropriations Committee. He said that the Port Authority had sold a piece of property a few years ago and the proceeds of that sale were shared with the City.

Council Member McCarthy asked if the most recent compilation was available. Mr. Flatto said that the 2019 compilation was available and 2020 was being assembled.

Council Member McCarthy asked about the status of the Authority in relation to the City. Mr. Flatto explained that once the Authority was established, it is managed by the Authority Board. Mr. Gill confirmed that the Authority similar to the WPCA. Due to the sale of the property, the Authority has their own financial resources and they put the parcel back on the tax roles. Several years ago, the Authority was bogged down with debt and not functioning correctly.

Council Member McCarthy asked about the ownership of the property and where the operating revenue comes from. Mr. Gill said that they generate their revenue from the ferry docking.

Council Member Brantley said that the Port Authority was now generating revenue from the ferry and also from the businesses along the waterfront. She encouraged the Council to support the Authority and said that she had been one of the early Authority Board members.

Council Member Herron said that she supports the Authority. She said that she would like to see how the Council could get more control since it was a separate entity. In the past, groups like the Authority were allowed to operate independently and the Council needs some input.

Council Member Newton said that he had heard that the City had paid off a major debt during the prior administration and wished to have confirmation of that.

Mr. Gill said that there was some funding that was taken from the OPED budget that were used to pay off an Authority loan. There were also some lawsuits initiated by the ferry company and this current administration has received considerably more revenue from the Authority. He said that the City was repaid all of the money that it had advanced.

Mr. Flatto said that the Authority had reimbursed the City for the Titan loan when the property had been sold. Mr. Flatto gave the details.

Council Member Newton asked for an update regarding the ferry relocating project. Mr. Gill said that there were promises for two docks for ferries and a terminal. The Ferry company has said that they felt that due to remediation of the site. He said that there had been some recent newspaper articles about an interim lease for wind turbines, followed by the construction of the new terminal. The ferry company is current on their monthly rent and lease.

Council Member Cruz asked if the City received any revenue from the vehicles coming in on the ferry. Mr. Flatto said that he believed that the City receives about \$120,000 a year from the Authority. The property is included the tax exemption status.

Council Member Cruz said that he and Council Member Taylor-Moye had spoken with the Ferry staff since the passengers had been parking on the streets. The staff did post several signs about this.

Council Member Taylor-Moye concurred with Council Member Cruz's comments. There are residents who are very upset about the ferry parking. She said that there had been a resident who had lost a family member on one of those streets and the family members had difficulty getting to their relatives' home and finding parking.

Mr. Gill said that at one time, the ferry company had an arrangement with the Housing authority when they were using the lots on Ferry Access Road. There was a dispute about the amount and the passengers were forced to park on the street. Mr. Gill said that it was time to get the issue settled.

Council Member Taylor-Moye said that the Housing Authority had leased the property to UI and any agreement would have to be done between the Ferry company and UI. Mr. Gill said that he thought there was two lots and UI was moving a substation, so the property might be an area where they will lay down the equipment. Discussion followed about the details.

Council Member Burns asked what salaries were paid out of the expense account. He also pointed out that there were some Commission members whose terms had expired. Mr. Gill gave a brief overview of the salaries and said that there were some vacancies on the Commission that should be filled. The auditors would like to see the vacancies filled.

One salary is for a program manager and the other is an administrator. Both employees have been with the Authority for over a decade. Mr. Gill said that the Acting Director's salary is not drawn from the Port Authority budget as she has another position.

Council Member McCarthy asked about the lease that the McAllister's pay and what the lease term were. He also asked for an update on the high-speed ferry.

Mr. Gill said that the monthly payment was \$17,916 a month.

Regarding the high-speed ferry, the project is at the DOT for review of the design and specs. After the DOT gives their comments, the project will be presented to the Council.

Council Member McCarthy asked about the Port Jefferson ferry lease in relation to the high-speed ferry.

Mr. Gill explained the 2011 lease runs for 98 years. The high-speed ferry will not be located on the property located by the Port Jefferson Ferry. It is a separate parcel and had nothing to do with the Port Jefferson Ferry company.

Council Member Herron said that there was an Acting Director that was not being paid as the Acting Director. This is a concern.

Council Member Herron said that the No Parking paper signs would only be good for a short period of time. She suggested that they approach the Police Commission for more permanent signs. Discussion followed.

Mr. Gill said that now that the Authority was on solid financial ground, the Board would be reviewing the salaries.

Council Member Newton asked how long the lease has been in existence. Mr. Gill said that the lease has been in existence since 2011 and the lease payment has been adjusted every year by a rate of 2.5%. It is a 98-year lease. There are 88 more years remaining on the lease.

Council Member Newton said that he did not agree with any contracts that are done without going before the Contracts Committee. He said that he did not agree with that kind of lease.

Mr. Gill said that the lease was signed 10 years ago and his department did not agree with the way the issue had been handled back then. That is why the City had worked with the Authority to recoup the funding loan from the previous administration.

Council Member Burns said that he was glad to hear that Council Member Cruz and Council Member Taylor-Moye were addressing the parking issue. He added that regarding the high-speed ferry and the current ferry, he personally liked the current ferry location.

Council Member Herron said that she was frustrated to hear that there was a 99-year lease on the parcel. She said that the Council had changed the practice on leases where there were long terms with no benefits to the City.

Council Member Newton thanked Mr. Gill for his time. Mr. Gill said that they were pleased to be able to present to the Committee. He said that if anyone had any questions, they should contact him.

• **General Discussion re: Review of the Monthly Financial Report.**

Mr. Flatto said that the June report is a preliminary report and will be subject to the audit process in the fall. It appears the City has a surplus. This has been an unusual year due to COVID and other factors. There were savings due to vacancies and a reduction in expenses. Mr. Flatto then reviewed the details of the various categories.

Council Member Burns asked what the surplus would be. Mr. Flatto said that he believed it would be around \$8 million or \$9 million.

Council Member Burns asked about the Tax Arrears category. Mr. Flatto said that in reviewing the accounts, they discovered some mistakes in the overpayment account. The corrections have been made in that category. He noted that there were still legal bills in the process of being paid.

Council Member McCarthy asked what the surplus last year. Mr. Flatto said that it was about \$4 million. The year before the surplus had been about \$2 million.

Council Member McCarthy asked about the Fund Balance. Mr. Flatto said that the bond companies were looking for about 6 to 8% of the overall balance. The City is getting closer back to where they need to be. However, this past year has been an anomaly.

Council Member McBride-Lee asked if the Nutrition Center had a surplus. Mr. Flatto explained that the Nutrition Center had not received the same amount that they normally would, so they had to use some funding from the BOE. Discussion followed about the reimbursement.

Council Member Newton said that he would like to have the mill rate drop because the residents need the assistance.

Council Member Burns said that while the City had a surplus, it was not the worst thing. He said that the Committee was able to have a safe budget during this past year. He said that he reviewed the budget for the month and while it is good to have a surplus, it is more important to have a functioning city and to meet the needs of the residents.

Council Member Newton said that there were positions that need to be filled, like the Building Department so that they can generate more revenue. It will be important to hire the staff because the City is losing revenue because they don't have the manpower.

Mr. Nkwo said that the Mayor has been very good in approving the various requested positions. He said that the departments need to recruit for those positions.

Council Member McBride-Lee said that she and Council Member Roman-Christy had come upon a situation with a constituent who had been promised a City raise but not yet received it.

Mr. Nkwo said that when the requests come to OPM, it is processed in a day or so. Mr. Flatto said that contractual increases are handled by Personnel. Discussion followed about the premium pay approvals.

Council Member Newton said that he had been getting a lot of phone calls from BOE staff about premium pay.

Council Member Burns explained that Labor Relations was working on the process. Council Member Herron reminded everyone that not every City employee would be eligible for that amount. It is a long process to determine who is eligible.

- **Report on City bond issuance of July 2021**

Plan A Pension Update

**** COUNCIL MEMBER BURNS MOVED TO ENTER A DOCUMENT TITLED PENSION PLAN A UPDATE INTO THE RECORD INTO THE RECORD AS EXHIBIT 08-09-2021-A.**

**** COUNCIL MEMBER HERRON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

**** COUNCIL MEMBER BURNS MOVED TO ENTER A DOCUMENT TITLED JULY 2021 BOND ISSUANCE REPORT INTO THE RECORD AS EXHIBIT 08-09-2021-B.**

**** COUNCIL MEMBER HERRON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY**

Mr. Flatto reviewed the fact that Pension Plan A had been the most distressed of the pension plans because it was the oldest pension fund and the retirees that were in the plan were the oldest. He then explained that the City had gone out to bond to replenish the pension fund. He then reviewed the figures with the Committee and stated that the portfolio had done very well. The return was about 14% over the last three years. IN order to ensure that the funding remains intact, Mr. Flatto said that he was recommending that the portfolio remain in the conservative investments. The Police and Fire Plan B funds are doing well. Fire Plan B is almost at 100% and the Police Plan B is at approximately 80%.

Discussion followed about the protective positioning in the event of a market crash.

Council Member McCarthy asked what the Pension Plan A liability was. Mr. Flatto said that until the Actuary report was submitted, he did not have the actual number.

The discussion moved to the average lifespan and what the yearly bond issue. Mr. Flatto said that it was roughly \$3.33 million a year. It has worked out in favor of the City this past year.

Council Member Burns asked how many were in the plan. Mr. Flatto said that he would send that figure to Council Member Burns.

Discussion followed about the various percentage allocations.

City of Bridgeport General Obligation Bonds.

Mr. Flatto gave a brief overview of the recent bond issuance. He said that the timing of the bond issue was very, very good. Mr. Flatto explained that while these were 20-year bonds, most of the principle is paid off within the first 14 or 15 years. The refunding process went well. Originally, the Council approved the refunding, but due to COVID, that was delayed.

Mr. Flatto said that he was pleased to see that two rating agencies had given the City a ratings upgrade. Moody's raised the outlook and their analyst said that City's outlook shows an improvement. Rating agencies are primarily worried about the liabilities, the pension bonds and debt service.

Standard & Poor's and Fitch have rated the City as "A". Moody's has rated the City at one level below A, which is BAA. Discussion followed.

Mr. Flatto said that when the City had the lower rating, the City ended up paying almost 1% more in the interest rate than a town like Fairfield.

Council Member Newton said that this was great news for the City and the Council should receive a bullet point summary to let them know the City is doing a good job financially.

Council Member Burns asked if the B&A should be adopting a policy about allocating a certain amount to the Fund Balance.

Council Member Newton said that he wanted to thank Mr. Flatto and Mr. Nkwo for sharing the information and reiterated that they should share this in a summary for the other Council Members.

ADJOURNMENT

**** COUNCIL MEMBER MCCARTHY MOVED TO ADJOURN.**

**** COUNCIL MEMBER CRUZ SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 8:07 p.m.

Respectfully submitted,

Telesco Secretarial Services.