



General Assembly

February Session, 2016

**Raised Bill No. 464**

LCO No. 3279



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:  
(FIN)

***AN ACT ESTABLISHING THE HARTFORD FINANCIAL SUSTAINABILITY COMMISSION.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (*Effective from passage*) It is hereby found and declared that  
2 the city of Hartford faces projected deficits that could approach thirty  
3 per cent of its general fund by the fiscal year ending June 30, 2018; that  
4 without structural changes this financial emergency is detrimental to  
5 the general welfare of the city and the state and will compromise the  
6 city's ability to provide essential services, including those related to  
7 education and public safety; that the resolution of the projected deficits  
8 is a matter of paramount public interest; and that to achieve this  
9 resolution it is necessary, appropriate and an essential public purpose  
10 to establish the Hartford Financial Sustainability Commission to  
11 review the financial affairs of the city of Hartford and to take all  
12 necessary actions as provided for in sections 1 to 11, inclusive, of this  
13 act, all in order to address the city's projected deficits and to restore  
14 financial stability to the city of Hartford.

15       Sec. 2. (*Effective from passage*) As used in this section and in sections 3  
16 to 11, inclusive, of this act:

17       (1) "Accrual basis of accounting" means the basis of accounting  
18 under which revenues are recorded when earned and expenses are  
19 recorded at the time liabilities are incurred.

20       (2) "Annual budget" means the city's general fund budget, as  
21 defined in the city's charter, prepared on the modified accrual basis of  
22 accounting, as defined by GAAP.

23       (3) "Annual budgetary deficit" means, with respect to the general  
24 fund of the city, the excess of expenditures, encumbrances and other  
25 financing uses over revenues, other financing sources and any  
26 undesignated fund balance from the prior year used to balance the  
27 current budget, as computed utilizing the modified accrual basis of  
28 accounting.

29       (4) "Commission" means the Hartford Financial Sustainability  
30 Commission created in section 3 of this act.

31       (5) "Common Council" means the Common Council of the city of  
32 Hartford.

33       (6) "City" means the city of Hartford.

34       (7) "City Treasurer" means the duly elected city treasurer of the city  
35 of Hartford.

36       (8) "Contract" means any agreement, contract, lease, obligation,  
37 other than a debt obligation, letter of intent or acceptance regarding  
38 the provision of goods or services to or for the benefit of the city by  
39 and between the city and any other party, including collective  
40 bargaining agreements with employees of the city and any agreement,  
41 contract, letter of intent or acceptance regarding the sale or lease of any  
42 assets of the city having a fair market value greater than fifty thousand  
43 dollars.

44 (9) "Encumbrance" means commitments related to unperformed or  
45 executory contracts for goods or services.

46 (10) "Enterprise funds" means funds utilizing the accrual basis of  
47 accounting that are used to account for city operations and are  
48 financed and operated in a manner similar to private business  
49 enterprises, where the intent is that the costs and expenses, including  
50 depreciation, of providing services to the public be financed or  
51 recovered primarily through user charges, or where a periodic  
52 determination of revenues earned, expenses incurred or net income is  
53 appropriate for capital maintenance, public policy, management  
54 control, accountability or other purpose.

55 (11) "Chief Operating Officer" means the chief operating officer of  
56 the city of Hartford.

57 (12) "Fund balance" means the difference between fund assets and  
58 fund liabilities of governmental funds, utilizing the modified accrual  
59 basis of accounting.

60 (13) "Fund balance deficit" means the excess of fund liabilities over  
61 fund assets of governmental funds utilizing the modified accrual basis  
62 of accounting, as determined by independent auditors and as rounded  
63 to the nearest five thousand dollars.

64 (14) "General fund" means the fund established by the city to  
65 account for all financial resources except those required to be  
66 accounted for in another fund.

67 (15) "Generally accepted accounting principles" or "GAAP" means  
68 the uniform minimum standards of, and the guidelines for, financial  
69 accounting and reporting as promulgated by the Government  
70 Accounting Standards Board.

71 (16) "Governmental funds" means the general fund, special revenue  
72 funds, capital projects funds, and debt service funds, as defined by

73 GAAP.

74 (17) "Internal service funds" means funds utilizing the accrual basis  
75 of accounting that are used for the financing of goods or services  
76 provided by one department or agency to other departments or  
77 agencies of the city unit, or to other governmental units, on a cost-  
78 reimbursement basis.

79 (18) "Mayor" means the mayor of the city of Hartford.

80 (19) "Modified accrual basis of accounting" means the basis of  
81 accounting under which revenues are recognized when susceptible to  
82 accrual; that is, when they become both measurable and available. For  
83 purposes of this subdivision "measurable" means when the amount of  
84 the transaction can be determined and "available" means collectible  
85 within the current period or soon enough thereafter to be used to pay  
86 liabilities of the current period. Expenditures are recorded when the  
87 related fund liability is incurred. Principal and interest on general  
88 long-term debt are recorded as fund liabilities when due.

89 (20) "Pension Commission" means the City of Hartford Pension  
90 Commission as established by Ordinance of the Common Council.

91 (21) "Reserved fund balance" means those portions of fund balance  
92 that are not appropriable for expenditure or that are legally segregated  
93 for a specific future use.

94 (22) "Retained earnings" means an equity account reflecting the  
95 accumulated earnings of an enterprise fund or internal service fund.

96 (23) "Secretary" means the Secretary of the Office of Policy and  
97 Management.

98 (24) "Special revenue funds" means funds established to account for  
99 the proceeds of specific revenue sources that are legally restricted to  
100 expenditure for specific purposes.

101 (25) "Undesignated fund balance" means the unreserved portion of  
102 fund balance that has not been designated for specific purposes and is  
103 available for appropriation, as reflected in the audited financial  
104 statements of the city.

105 (26) "Unreserved fund balance" means that portion of fund balance  
106 that is not a portion of the reserved fund balance.

107 Sec. 3. (*Effective from passage*) (a) There is hereby created the  
108 Hartford Financial Sustainability Commission that shall be comprised  
109 of the following members: The mayor, who shall be a cochairperson of  
110 the commission, the Secretary of the Office of Policy and Management,  
111 or the secretary's designee, who shall be a cochairperson of the  
112 commission, the city treasurer, the president of the Common Council,  
113 and the chair of the Council Committee on Operations, Management  
114 and Budget, all of whom shall serve as ex-officio voting members; and  
115 four members appointed by the mayor, one of whom shall be a  
116 resident of the city of Hartford, one of whom shall be a representative  
117 of businesses located in the city, one of whom shall be a small business  
118 owner in the city, and one of whom shall be the chief executive officer  
119 of a bargaining unit representing employees of the city who is jointly  
120 recommended by a majority of the chief executive officers of such  
121 units. Such recommendation shall be made and all appointments to the  
122 commission shall be made not later than seven days after the effective  
123 date of this section. The provisions of section 9-167a of the general  
124 statutes shall apply to the commission, provided for the purpose of  
125 determining minority representation, the total membership of the  
126 commission shall be deemed not to include any ex-officio members or  
127 their designees.

128 (b) A majority of the membership of the commission shall constitute  
129 a quorum for the conduct of business. The commission shall act by  
130 majority vote of the members at a meeting where a quorum is in  
131 attendance. The commission shall maintain a record of its proceedings  
132 in such form as it may determine, provided such record shall indicate

133 attendance and all votes cast by each member. The commission shall  
134 adopt its own procedures for the conduct of its meetings and exercise  
135 of the powers, duties and functions conferred upon it by sections 1 to  
136 11, inclusive, of this act and shall not be subject to the provisions of  
137 chapter 54 of the general statutes.

138 (c) The members of the commission shall serve without  
139 compensation but shall be reimbursed for necessary expenses incurred  
140 in the performance of their duties.

141 Sec. 4. (*Effective from passage*) (a) In carrying out the purposes of  
142 sections 1 to 11, inclusive, of this act, the commission shall have the  
143 following powers, duties and functions:

144 (1) To review and make recommendations to the mayor and council  
145 for any modifications to the city's annual budget, including, but not  
146 limited to, the governmental funds, enterprise funds and internal  
147 service funds, in accordance with the provisions of section 5 of this act,  
148 provided such modifications shall become effective if the city council  
149 does not act on or before its next regularly scheduled meeting to  
150 disapprove such modification with an affirmative of vote of five  
151 members of the council;

152 (2) To review and make recommendations for any modifications to  
153 an initial financial plan of the city, in accordance with the provisions of  
154 section 5 of this act;

155 (3) To review and make recommendations for any modifications to  
156 the proposed terms of any bonds, notes or other obligations of the city,  
157 provided such modifications shall become effective if the city council  
158 does not act on or before its next regularly scheduled meeting to  
159 disapprove such modification with an affirmative vote of five  
160 members of the council;

161 (4) (A) To require that collective bargaining negotiations concerning  
162 changes to pension, health and welfare benefits be conducted between

163 the city and a coalition committee that represents all city employees  
164 who are members of any designated employee organization, except  
165 that the commission may allow the city and any designated employee  
166 organization to bargain directly with each other on matters related to  
167 retirement, health and welfare benefits where the commission  
168 determines that such matters are unique to such designated employee  
169 organization. The results of bargaining under this subparagraph shall  
170 apply to employees not part of any employee bargaining organization;  
171 and

172 (B) To require the city to enter into negotiations over retiree  
173 pension, health and welfare benefits and that such negotiations shall  
174 be conducted between the city and a coalition committee representing  
175 all retirees who were members of any designated employee  
176 organization, except that the commission may allow the city and any  
177 designated employee organization to bargain directly with each other  
178 on matters related to retiree pension, health and welfare benefits  
179 where the commission determines that such matters are unique to such  
180 designated employee organization. The results of bargaining under  
181 this subparagraph shall apply to retirees who were not part of any  
182 employee bargaining organization.

183 (5) (A) To approve or reject all collective bargaining agreements for  
184 a new term, other than modifications, amendments or reopeners to an  
185 agreement, to be entered into by the city or any of its agencies or  
186 administrative units, including the board of education. If the  
187 commission rejects a proposed collective bargaining agreement, the  
188 parties to the agreement shall have ten days from the date of the  
189 commission's rejection to consider the commission's concerns. In  
190 rejecting an agreement, the commission shall indicate the specific  
191 provisions of the proposed agreement that caused the rejection, as well  
192 as its rationale for the rejection. The commission may, at its discretion,  
193 indicate the total cost impact or savings it would find acceptable in a  
194 new agreement. After the expiration of such ten-day period, the  
195 commission shall approve or reject any such new agreement proposed

196 by the parties. If the parties have been unable to reach an agreement or  
197 the commission rejects such agreement, the commission shall set forth  
198 the terms of the new agreement, which shall be binding upon the  
199 parties. In establishing the terms of the new agreement, as well as in  
200 making a determination to reject a proposed agreement, the parties  
201 shall have an opportunity to make a presentation to the commission.  
202 The commission shall not be limited to consideration and inclusion in  
203 the collective bargaining agreement of matters raised or negotiated by  
204 the parties; and

205 (B) To approve or reject all modifications, amendments or reopens  
206 to collective bargaining agreements entered into by the city or any of  
207 its agencies or administrative units, including the board of education.  
208 If the commission rejects a proposed amendment to a collective  
209 bargaining agreement, the parties to the agreement shall have ten days  
210 from the date of the commission's rejection to consider the  
211 commission's concerns. In rejecting an amendment to an agreement,  
212 the commission shall indicate the specific provisions of the proposed  
213 amendment that caused the rejection, as well as its rationale for the  
214 rejection. The commission may, at its discretion, indicate the total cost  
215 impact or savings it would find acceptable in a new amendment. After  
216 the expiration of such ten-day period, the commission shall approve or  
217 reject any revised amendment proposed by the parties. If the parties  
218 have been unable to reach a revised amendment or the commission  
219 rejects such revised amendment, the commission shall set forth the  
220 terms of the new amendment, which shall be binding upon the parties.  
221 In establishing the terms of the new agreement, as well as in making a  
222 determination to reject a proposed amendment, the parties shall have  
223 an opportunity to make a presentation to the commission.

224 (6) With respect to labor contracts in or subject to binding  
225 arbitration, to serve as the binding arbitration panel. The commission  
226 shall have the power to impose binding arbitration upon the parties  
227 any time after the seventy-fifth day following the commencement of  
228 negotiations. If, upon the effective date of this section, the parties are in



229 binding arbitration, the commission shall immediately replace any  
230 established binding arbitration panel. The time limits in the applicable  
231 provisions of the general statutes or any public or special acts  
232 governing binding arbitration shall be reduced by one-half. The  
233 commission shall not be limited to consideration and inclusion in the  
234 collective bargaining agreement of the last best offers or the matters  
235 raised by or negotiated by the parties;

236 (7) To review any contract and any renewal, extension or  
237 modification thereof not covered by collective bargaining  
238 contemplating the expenditure in either the current or any future fiscal  
239 year of more than fifty thousand dollars and shall have the power to  
240 recommend that such contracts be terminated;

241 (8) To recommend that the city implement such measures relating to  
242 the efficiency and productivity of the city's operations and  
243 management and to the city's long-term liabilities as the commission  
244 deems appropriate to reduce costs, achieve stability and improve  
245 services so as to advance the purposes of sections 1 to 11, inclusive, of  
246 this act;

247 (9) To obtain information on the financial condition and needs of the  
248 city, provided nothing in this subdivision shall diminish the powers of  
249 the mayor, the chief operating officer, the city treasurer, the Common  
250 Council or any other board, agency or commission of the city  
251 otherwise provided by law;

252 (10) To review and make recommendations for modifications to the  
253 budget of the city's board of education on a line item basis, provided  
254 such modifications shall become effective if the board of education  
255 does not act on or before its next regularly scheduled meeting to  
256 disapprove such modification with an affirmative vote of five  
257 members of the board of education;

258 (11) To retain such consultants experienced in the field of municipal  
259 finance, municipal law, governmental operations and administration

260 or governmental accounting as it shall deem necessary or desirable for  
261 accomplishing its purposes; and

262 (12) To make a request to the exclusive representative of an  
263 employee bargaining unit to reopen the negotiation process and  
264 present a proposed revision to a contract. Such exclusive  
265 representative shall have five days to respond to such request and, if  
266 such exclusive representative fails to respond, it shall be deemed to  
267 have denied such request.

268 (A) If the exclusive representative denies such request, the state  
269 board of labor relations, through its agent, shall convene, not later than  
270 ten days from the date of such denial, a meeting of the membership of  
271 the bargaining unit. At such meeting, the commission shall present its  
272 proposed revision. A vote of such membership shall be held on such  
273 proposed revision not later than five days after the date of such  
274 meeting. Such agent of the state board of labor relations shall schedule  
275 such vote and shall post a notice of the appropriate date, time and  
276 location;

277 (B) If the exclusive representative agrees to negotiate with the  
278 commission on the proposed revision, the parties shall have fourteen  
279 days to negotiate, provided such period may be extended an  
280 additional fourteen days by mutual agreement of the parties. If the  
281 parties reach an agreement, such agreement shall be subject to the  
282 ratification procedure established by the bargaining unit. If the parties  
283 fail to agree, the last best offer of the commission on such proposed  
284 revision shall be submitted to the membership of the bargaining unit  
285 for a vote to be held not later than five days from the date negotiations  
286 ceased pursuant to this subparagraph. The exclusive representative  
287 shall schedule such vote. The commission shall have an opportunity to  
288 present its revisions to the membership prior to such vote; and

289 (C) The vote pursuant to subparagraphs (A) and (B) of this  
290 subdivision shall constitute final action on the proposed revision. An

291 affirmative vote by a majority of the membership of the bargaining  
292 unit shall constitute approval of the subject of such vote. A failure to  
293 achieve such affirmative vote shall constitute a final rejection of the  
294 proposed revision and such proposed revision shall not be subject to  
295 further dispute resolution, in which case the existing contract shall  
296 remain in effect. The requirements of this subsection shall not be  
297 considered a prohibited practice under subsection (a) of section 7-470  
298 of the general statutes or subsection (b) of section 10-153e of the  
299 general statutes.

300       Sec. 5. (*Effective from passage*) (a) The city shall annually submit a  
301 financial plan to the commission, commencing with the financial plan  
302 for the first full fiscal year succeeding the establishment of the  
303 commission. Such financial plan shall include the current fiscal year  
304 and the three succeeding fiscal years.

305       (b) The commission shall regularly reexamine such plan and the  
306 current annual budget in consultation with the city and may request  
307 the city to provide a modified financial plan or modified annual  
308 budget, or both, within such time period as the commission may  
309 require.

310       Sec. 6. (*Effective from passage*) The commission and all other  
311 provisions of sections 1 to 11, inclusive, of this act shall terminate six  
312 months after the satisfaction of the following conditions: (1) The  
313 general fund, special revenue funds, enterprise funds and internal  
314 service funds of the city shall have, for three consecutive fiscal years,  
315 maintained a positive unreserved fund balance and retained earnings  
316 balance, in accordance with audits required by the general statutes,  
317 and (2) the commission, by resolution, determines that: (A) There have  
318 been no annual budgetary deficits for the general fund of the city for  
319 three consecutive fiscal years; (B) the city has presented, and the  
320 commission has approved, a financial plan that projects positive  
321 unreserved fund balances and retained earnings for the general fund,  
322 special revenue funds, enterprise funds and internal service funds for

323 the three succeeding consecutive fiscal years covered by such financial  
324 plan in accordance with generally accepted accounting principles and  
325 this act; and (C) the audits for two consecutive fiscal years have been  
326 completed and are unqualified relating to the annual reporting of  
327 results of operations for all governmental funds, enterprise funds and  
328 internal service funds.

329       Sec. 7. (*Effective from passage*) (a) Notwithstanding any provision of  
330 the general statutes, the charter of the city of Hartford or ordinance  
331 thereof, the city shall enter into negotiations with the number of the  
332 largest tax-exempt organizations in the city, as measured by value of  
333 property owned, recommended by the commission. Following such  
334 negotiations, and upon the recommendation of the commission, the  
335 city may impose a levy on each such organization representing a  
336 percentage of the taxes such organization would pay if not excluded  
337 from taxation under the provisions of the general statutes.

338       (b) Notwithstanding any provision of the general statutes, the  
339 charter of the city of Hartford or ordinance thereof, the city shall enter  
340 into negotiations with the number of the largest tax-paying property  
341 owners in the city, as measured by value of property owned,  
342 recommended by the commission. Following such negotiations, and  
343 upon the recommendation of the commission, the city may impose a  
344 surcharge payment in addition to each such property owner's tax  
345 assessment for real and personal property.

346       (c) Notwithstanding any provision of the charter of the city of  
347 Hartford or ordinance thereof pertaining to the actuarially required  
348 contribution of the Hartford municipal employees retirement fund as  
349 recommended by the pension commission, the city may fund less than  
350 the required contribution in any fiscal year so long as the funding ratio  
351 is not less than sixty-five per cent.

352       Sec. 8. (*Effective from passage*) (a) The secretary, the mayor, the city  
353 treasurer, the named members of the council, the commission and any

354 person authorized to act on behalf of or to assist them, or any staff  
355 person for the commission, shall not be personally liable or subject to  
356 any suit, judgment or claim for damages resulting from the exercise or  
357 failure to exercise the powers, duties or functions granted to them  
358 under sections 1 to 11, inclusive, of this act, other than any such  
359 exercise or failure which constitutes wilful, wanton or malicious  
360 behavior. The Attorney General shall defend any person identified in  
361 this subsection with regard to any such suit, judgment or claim  
362 provided such person shall reimburse the state for its expenses in such  
363 defense if such person is found to be liable.

364 (b) The Attorney General may apply for a writ of mandamus or seek  
365 a temporary or permanent injunction on the behalf of the commission  
366 requiring any official, employee or agent of the city to carry out and  
367 give effect to any order of the board authorized by this act. Each such  
368 application shall be filed in superior court for the judicial district of  
369 Hartford.

370 (c) The superior court for the judicial district of Hartford may, by  
371 application of the secretary, the commission or the Attorney General,  
372 enforce, by appropriate decree or process, any provisions of this act or  
373 any act or order of the secretary or the commission rendered pursuant  
374 to this act.

375 Sec. 9. (*Effective from passage*) During the existence of the  
376 commission, (1) no officer or employee of the city shall make or  
377 authorize a contract in excess of the amount available therefor under  
378 the financial plan and annual budget as then in effect; and (2) no  
379 officer or employee of the city shall involve the city in any contract for  
380 the payment of money for any purpose required to be approved by the  
381 commission unless such contract has been so approved and unless  
382 such contract is in compliance with the financial plan and the annual  
383 budget as then in effect. No officer or employee of the city shall take  
384 any action in violation of any valid order of the commission or shall  
385 fail or refuse to take any action required by any such order or shall

386 prepare, present or certify any information, including any projections  
387 or estimates, or report for the commission or any of its agents that is  
388 false or misleading. In addition to any penalty or liability under any  
389 other law, any officer or employee of the city who shall violate the  
390 provisions of this section shall be subject to appropriate administrative  
391 discipline, including, when circumstances warrant, suspension from  
392 duty without pay or removal from office by order of the mayor.  
393 Nothing in this act shall invalidate or supersede any procedural  
394 protections provided to such employee under law or contract. In the  
395 case of a violation of the provisions of this section by an officer or  
396 employee of the city, the mayor shall immediately report to the  
397 commission all pertinent facts together with a statement of the action  
398 taken thereon.

399       Sec. 10. (*Effective from passage*) If any section, part or provision of this  
400 act shall be declared unconstitutional, invalid or ineffective by any  
401 court of competent jurisdiction, such declaration shall be limited to the  
402 section, part or provision directly involved in the controversy in which  
403 such declaration was made and shall not affect any other section,  
404 provision or part thereof.

405       Sec. 11. (*Effective from passage*) Notwithstanding the provisions of  
406 subsection (b) of section 10-262i of the general statutes, for the fiscal  
407 year ending June 30, 2017, the Comptroller shall pay to the city an  
408 amount determined by the secretary from the balance of the grant due  
409 to the city of Hartford under the provisions of subsection (a) of section  
410 10-262i of the general statutes. Notwithstanding the provisions of  
411 section 3-55i of the general statutes, the secretary may certify the  
412 amount due the city of Hartford under section 3-55j of the general  
413 statutes at any time and, once such certification is made, the  
414 Comptroller shall draw an order on the State Treasurer and shall pay  
415 the amount thereof to the city not later than thirty days after such  
416 certification has been made.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>from passage</i>	New section
Sec. 11	<i>from passage</i>	New section

**Statement of Purpose:**

To establish the Hartford Financial Sustainability Commission to review the financial affairs of the city of Hartford.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*