



WORKING DRAFT

General Assembly

February Session, 2016

Raised Bill No.

LCO No. 3269

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Referred to Committee on

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, provided that, nothing in this
15 act shall diminish the powers of the mayor, the chief operating officer,

WORKING DRAFT

Raised Bill No.

16 the city treasurer, the Common Council or any other board, agency or
17 commission of the city otherwise provided by law or the Charter of the
18 City of Hartford.

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

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

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

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

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

36 (5) "Common Council" means the Common Council of the city of
37 Hartford.

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

39 (7) "City Treasurer" means the duly elected city treasurer of the city
40 of Hartford.

41 (8) "Contract" means any agreement, contract, lease, obligation,
42 other than a debt obligation, letter of intent or acceptance regarding

WORKING DRAFT

Raised Bill No.

43 the provision of goods or services to or for the benefit of the city by
44 and between the city and any other party, including collective
45 bargaining agreements with employees of the city and any agreement,
46 contract, letter of intent or acceptance regarding the sale or lease of any
47 assets of the city having a fair market value greater than fifty thousand
48 dollars.

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

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

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

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

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

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

WORKING DRAFT

Raised Bill No.

72 (15) "Generally accepted accounting principles" or "GAAP" means
73 the uniform minimum standards of, and the guidelines for, financial
74 accounting and reporting as promulgated by the Government
75 Accounting Standards Board.

76 (16) "Governmental funds" means the general fund, special revenue
77 funds, capital projects funds, and debt service funds, as defined by
78 GAAP.

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

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

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

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

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

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

WORKING DRAFT

Raised Bill No.

101 (23) "Secretary" means the Secretary of the Office of Policy and
102 Management.

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

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

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

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

WORKING DRAFT

Raised Bill No.

132 determining minority representation, the total membership of the
133 commission shall be deemed not to include any ex-officio members or
134 their designees.

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135 (b) A majority of the membership of the commission shall constitute
136 a quorum for the conduct of business. The commission shall act by
137 majority vote of the members at a meeting where a quorum is in
138 attendance. The commission shall maintain a record of its proceedings
139 in such form as it may determine, provided such record shall indicate
140 attendance and all votes cast by each member. The commission shall
141 adopt its own procedures for the conduct of its meetings and exercise
142 of the powers, duties and functions conferred upon it by sections 1 to
143 11, inclusive, of this act and shall not be subject to the provisions of
144 chapter 54 of the general statutes.

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

148 Sec. 4. (*Effective from passage*) (a) In carrying out the purposes of this
149 act, the commission shall have the following powers, duties and
150 functions:

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

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

WORKING DRAFT

Raised Bill No.

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

168 (4) (A) To require that collective bargaining negotiations concerning
169 changes to pension, health and welfare benefits be conducted between
170 the city and a coalition committee that represents all city employees
171 who are members of any designated employee organization, except
172 that the commission may allow the city and any designated employee
173 organization to bargain directly with each other on matters related to
174 retirement, health and welfare benefits where the commission
175 determines that such matters are unique to such designated employee
176 organization. The results of bargaining under this subparagraph shall
177 apply to employees not part of any employee bargaining organization;
178 and

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

190 (5) (A) To approve or reject all collective bargaining agreements for
191 a new term, other than modifications, amendments or reopeners to an
192 agreement, to be entered into by the city or any of its agencies or
193 administrative units, including the board of education. If the

WORKING DRAFT

Raised Bill No.

194 commission rejects a proposed collective bargaining agreement, the
195 parties to the agreement shall have ten days from the date of the
196 commission's rejection to consider the commission's concerns. In
197 rejecting an agreement, the commission shall indicate the specific
198 provisions of the proposed agreement that caused the rejection, as well
199 as its rationale for the rejection. The commission may, at its discretion,
200 indicate the total cost impact or savings it would find acceptable in a
201 new agreement. After the expiration of such ten-day period, the
202 commission shall approve or reject any such new agreement proposed
203 by the parties. If the parties have been unable to reach an agreement or
204 the commission rejects such agreement, the commission shall set forth
205 the terms of the new agreement, which shall be binding upon the
206 parties. In establishing the terms of the new agreement, as well as in
207 making a determination to reject a proposed agreement, the parties
208 shall have an opportunity to make a presentation to the commission.
209 The commission shall not be limited to consideration and inclusion in
210 the collective bargaining agreement of matters raised or negotiated by
211 the parties; and

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

WORKING DRAFT

Raised Bill No.

227 terms of the new amendment, which shall be binding upon the parties.
228 In establishing the terms of the new agreement, as well as in making a
229 determination to reject a proposed amendment, the parties shall have
230 an opportunity to make a presentation to the commission;

231 (6) With respect to labor contracts in or subject to binding
232 arbitration, to serve as the binding arbitration panel. The commission
233 shall have the power to impose binding arbitration upon the parties
234 any time after the seventy-fifth day following the commencement of
235 negotiations. If, upon the effective date of this section, the parties are in
236 binding arbitration, the commission shall immediately replace any
237 established binding arbitration panel. The time limits in the applicable
238 provisions of the general statutes or any public or special acts
239 governing binding arbitration shall be reduced by one-half. The
240 commission shall not be limited to consideration and inclusion in the
241 collective bargaining agreement of the last best offers or the matters
242 raised by or negotiated by the parties;

243 ~~_(7) To review any contract and any renewal, extension or~~
244 ~~modification thereof not covered by collective bargaining~~
245 ~~contemplating the expenditure in either the current or any future fiscal~~
246 ~~year of more than fifty thousand dollars and shall have the power to~~
247 ~~recommend that such contracts be terminated;~~

248 (7~~8~~) To recommend that the city implement such measures relating
249 to the efficiency and productivity of the city's operations and
250 management and to the city's long-term liabilities as the commission
251 deems appropriate to reduce costs, achieve stability and improve
252 services so as to advance the purposes of sections 1 to 11, inclusive, of
253 this act;

254 ~~_(9) To obtain information on the financial condition and needs of~~
255 ~~the city, provided nothing in this subdivision shall diminish the~~
256 ~~powers of the mayor, the chief operating officer, the city treasurer, the~~
257 ~~Common Council or any other board, agency or commission of the city~~

WORKING DRAFT

Raised Bill No.

258 ~~otherwise provided by law;~~

259 (9810) To review and make recommendations for modifications to
260 the budget of the city's board of education on a line item basis,
261 provided such modifications shall become effective if the board of
262 education does not act on or before its next regularly scheduled
263 meeting to disapprove such modification with an affirmative vote of
264 five members of the board of education;

265 (1091) To retain such consultants experienced in the field of
266 municipal finance, municipal law, governmental operations and
267 administration or governmental accounting as it shall deem necessary
268 or desirable for accomplishing its purposes; and

269 (1012) To make a request to the exclusive representative of an
270 employee bargaining unit to reopen the negotiation process and
271 present a proposed revision to a contract. Such exclusive
272 representative shall have five days to respond to such request and, if
273 such exclusive representative fails to respond, it shall be deemed to
274 have denied such request.

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

284 (B) If the exclusive representative agrees to negotiate with the
285 commission on the proposed revision, the parties shall have fourteen
286 days to negotiate, provided such period may be extended an
287 additional fourteen days by mutual agreement of the parties. If the
288 parties reach an agreement, such agreement shall be subject to the

WORKING DRAFT

Raised Bill No.

289 ratification procedure established by the bargaining unit. If the parties
290 fail to agree, the last best offer of the commission on such proposed
291 revision shall be submitted to the membership of the bargaining unit
292 for a vote to be held not later than five days from the date negotiations
293 ceased pursuant to this subparagraph. The exclusive representative
294 shall schedule such vote. The commission shall have an opportunity to
295 present its revisions to the membership prior to such vote; and

296 (C) The vote pursuant to subparagraphs (A) and (B) of this
297 subdivision shall constitute final action on the proposed revision. An
298 affirmative vote by a majority of the membership of the bargaining
299 unit shall constitute approval of the subject of such vote. A failure to
300 achieve such affirmative vote shall constitute a final rejection of the
301 proposed revision and such proposed revision shall not be subject to
302 further dispute resolution, in which case the existing contract shall
303 remain in effect. The requirements of this subsection shall not be
304 considered a prohibited practice under subsection (a) of section 7-470
305 of the general statutes or subsection (b) of section 10-153e of the
306 general statutes.

307 Sec. 5. (*Effective from passage*) (a) The city shall annually submit a
308 financial plan to the commission, commencing with the financial plan
309 for the first full fiscal year succeeding the establishment of the
310 commission. Such financial plan shall include the current fiscal year
311 and the three succeeding fiscal years.

312 (b) The commission shall regularly reexamine such plan and the
313 current annual budget in consultation with the city and may request
314 the city to provide a modified financial plan or modified annual
315 budget, or both, within such time period as the commission may
316 require.

317 Sec. 6. (*Effective from passage*) The commission and all other
318 provisions of sections 1 to 11, inclusive, of this act shall terminate ~~six~~
319 ~~months after the satisfaction of the following conditions: (1) The~~

WORKING DRAFT

Raised Bill No.

320 ~~general fund, special revenue funds, enterprise funds and internal~~
321 ~~service funds of the city shall have, for three consecutive fiscal years,~~
322 ~~maintained a positive unreserved fund balance and retained earnings~~
323 ~~balance, in accordance with audits required by the general statutes,~~
324 ~~and (2) the commission, by resolution, determines that: (A) There have~~
325 ~~been no annual budgetary deficits for the general fund of the city for~~
326 ~~three consecutive fiscal years; (B) the city has presented, and the~~
327 ~~commission has approved, a financial plan that projects positive~~
328 ~~unreserved fund balances and retained earnings for the general fund,~~
329 ~~special revenue funds, enterprise funds and internal service funds for~~
330 ~~the three succeeding consecutive fiscal years covered by such financial~~
331 ~~plan in accordance with generally accepted accounting principles and~~
332 ~~this act; and (C) the audits for two consecutive fiscal years have been~~
333 ~~completed and are unqualified relating to the annual reporting of~~
334 ~~results of operations for all governmental funds, enterprise funds and~~
335 ~~internal service funds, on December 31, 2017, provided that the~~
336 ~~Common Council by a majority vote and with the approval of the~~
337 ~~mayor may extend the existence of the commission as deemed~~
338 ~~necessary.~~

339 Sec. 7. (*Effective from passage*) (a) Notwithstanding any provision of
340 the general statutes, the charter of the city of Hartford or ordinance
341 thereof, the city shall enter into negotiations with the number of the
342 largest tax-exempt organizations in the city, as measured by value of
343 property owned, recommended by the commission. Following such
344 negotiations, and upon the recommendation of the commission, the
345 city may impose a levy on each such organization representing a
346 percentage of the taxes such organization would pay if not excluded
347 from taxation under the provisions of the general statutes.

348 (b) Notwithstanding any provision of the general statutes, the
349 charter of the city of Hartford or ordinance thereof, the city shall enter
350 into negotiations with the number of the largest tax-paying property
351 owners in the city, as measured by value of property owned,
352 recommended by the commission. Following such negotiations, and

WORKING DRAFT

Raised Bill No.

353 upon the recommendation of the commission, the city may impose a
354 surcharge payment in addition to each such property owner's tax
355 assessment for real and personal property.

356 (c) Notwithstanding any provision of the charter of the city of
357 Hartford or ordinance thereof pertaining to the actuarially required
358 contribution of the Hartford municipal employees retirement fund as
359 recommended by the pension commission, the city may fund less than
360 the required contribution in any fiscal year so long as the funding ratio
361 is not less than sixty-five per cent.

362 Sec. 8. (*Effective from passage*) (a) The secretary, the mayor, the city
363 treasurer, the named members of the council, the commission and any
364 person authorized to act on behalf of or to assist them, or any staff
365 person for the commission, shall not be personally liable or subject to
366 any suit, judgment or claim for damages resulting from the exercise or
367 failure to exercise the powers, duties or functions granted to them
368 under sections 1 to 11, inclusive, of this act, other than any such
369 exercise or failure which constitutes wilful, wanton or malicious
370 behavior. The Attorney General shall defend any person identified in
371 this subsection with regard to any such suit, judgment or claim
372 provided such person shall reimburse the state for its expenses in such
373 defense if such person is found to be liable.

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

380 (c) The superior court for the judicial district of Hartford may, by
381 application of the secretary, the commission or the Attorney General,
382 enforce, by appropriate decree or process, any provisions of this act or
383 any act or order of the secretary or the commission rendered pursuant

WORKING DRAFT

Raised Bill No.

384 to this act.

385 Sec. 9. (*Effective from passage*) During the existence of the
386 commission, (1) no officer or employee of the city shall make or
387 authorize a contract in excess of the amount available therefor under
388 the financial plan and annual budget as then in effect; and (2) no
389 officer or employee of the city shall involve the city in any contract for
390 the payment of money for any purpose required to be approved by the
391 commission unless such contract has been so approved and unless
392 such contract is in compliance with the financial plan and the annual
393 budget as then in effect. No officer or employee of the city shall take
394 any action in violation of any valid order of the commission or shall
395 fail or refuse to take any action required by any such order or shall
396 prepare, present or certify any information, including any projections
397 or estimates, or report for the commission or any of its agents that is
398 false or misleading. In addition to any penalty or liability under any
399 other law, any officer or employee of the city who shall violate the
400 provisions of this section shall be subject to appropriate administrative
401 discipline, including, when circumstances warrant, suspension from
402 duty without pay or removal from office by order of the mayor.
403 Nothing in this act shall invalidate or supersede any procedural
404 protections provided to such employee under law or contract. In the
405 case of a violation of the provisions of this section by an officer or
406 employee of the city, the mayor shall immediately report to the
407 commission all pertinent facts together with a statement of the action
408 taken thereon.

409 Sec. 10. (*Effective from passage*) If any section, part or provision of this
410 act shall be declared unconstitutional, invalid or ineffective by any
411 court of competent jurisdiction, such declaration shall be limited to the
412 section, part or provision directly involved in the controversy in which
413 such declaration was made and shall not affect any other section,
414 provision or part thereof.

415 Sec. 11. (*Effective from passage*) Notwithstanding the provisions of

WORKING DRAFT

Raised Bill No.

416 subsection (b) of section 10-262i of the general statutes, for the fiscal
417 years ending June 30, 2017 and June 30, 2018, the Comptroller shall pay
418 to the city an amount determined by the secretary from the balance of
419 the grant due to the city of Hartford under the provisions of subsection
420 (a) of section 10-262i of the general statutes. Notwithstanding the
421 provisions of section 3-55i of the general statutes, the secretary may
422 certify the amount due the city of Hartford under section 3-55j of the
423 general statutes at any time and, once such certification is made, the
424 Comptroller shall draw an order on the State Treasurer and shall pay
425 the amount thereof to the city not later than thirty days after such
426 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