



TOWN OF EAST GRANBY

INCORPORATED 1858

EAST GRANBY, CONNECTICUT 06026

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February 9, 2010

Senator Joseph J. Crisco, Chair
Representative Steve Fontana, Chair
Connecticut State Legislature
Insurance & Real Estate Committee

Re: HB5011 – “An Act Extending the Effective Date for Certain Interlocal Risk Management Pools”

I would like to thank the Insurance and Real Estate Committee for the opportunity to speak in favor of HB5011. In these serious economic times, towns can ill afford to absorb the shock of unbudgeted and unanticipated expenditures. If legislation is not passed extending the effective date for Interlocal Risk Management Pools, forty eight towns will be looking at a potential liability of ten million dollars due prior to the end of the current fiscal year.

East Granby has been a member of the Municipal Interlocal Risk Management Agency (MIRMA) since its inception in 2002. At that time, the Legislature created MIRMA to increase competition in the workmen's compensation marketplace. The legislation also required MIRMA to meet requirements for specific financial reserves for contingencies by July 1, 2009. Prior to the end of November 2009, participating towns were not made aware by MIRMA or the State Insurance Department that there was a significant problem on the horizon.

At a December 2009 meeting of participating towns, MIRMA stated that it had sustained losses which exceeded the estimates of the actuaries for the program years of July 2002 through June 2009. Due to these extensive negative circumstances, MIRMA said it would be forced to levy an assessment on all the members served within those program years. At that time MIRMA estimated that East Granby, a town of less than 5200 residents with a combined budget of \$17 million, would owe approximately \$174,000 or more than one percent of its entire annual budget for this unanticipated debt.

As of February 5, 2010 MIRMA puts the town's liability at \$184,085. With the state budgetary issues, we are currently seven months into the fiscal year and towns and cities are still uncertain how much revenue they will receive from the state prior to the end of FY10. Debts like the MIRMA assessment and budget uncertainty in this and future fiscal years put towns in an untenable financial position and we ask for legislative relief as provided by HB5011.

Additionally, MIRMA has indicated that it would want one-sixth of the total owed by towns to be paid in the current fiscal year. I would ask that the payment schedule be allowed to commence in FY11. This would allow for appropriate financial planning in towns like East Granby where a one-sixth payment of \$31,000 has a considerable impact on operating budgets. HB5011 will be a significant help for MIRMA towns and I ask the Committee and the Legislature pass this bill. Thank you for your time and consideration

Sincerely,

A handwritten signature in cursive script that reads "James M. Hayden". The signature is fluid and includes a long, sweeping underline.

James M. Hayden
First Selectman
Town of East Granby