AN ACT ESTABLISHING THE HARTFORD FINANCIAL SUSTAINABILITY COMMISSION.

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

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

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

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

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

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

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

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

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

(8) "Contract" means any agreement, contract, lease, obligation, other than a debt obligation, letter of intent or acceptance regarding the provision of goods or services to or for the benefit of the city by and between the city and any other party, including collective bargaining agreements with employees of the city and any agreement, contract, letter of intent or acceptance regarding the sale or lease of any assets of the city having a fair market value greater than fifty thousand dollars.
(9) "Encumbrance" means commitments related to unperformed or executory contracts for goods or services.

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

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

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

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

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

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

(16) "Governmental funds" means the general fund, special revenue funds, capital projects funds, and debt service funds, as defined by
(17) "Internal service funds" means funds utilizing the accrual basis of accounting that are used for the financing of goods or services provided by one department or agency to other departments or agencies of the city unit, or to other governmental units, on a cost-reimbursement basis.

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

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

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

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

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

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

(24) "Special revenue funds" means funds established to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.
(25) "Undesignated fund balance" means the unreserved portion of fund balance that has not been designated for specific purposes and is available for appropriation, as reflected in the audited financial statements of the city.

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

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

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

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

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

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

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

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

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

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

(5) (A) To approve or reject all collective bargaining agreements for
a new term, other than modifications, amendments or reopeners to an
agreement, to be entered into by the city or any of its agencies or
administrative units, including the board of education. If the
commission rejects a proposed collective bargaining agreement, the
parties to the agreement shall have ten days from the date of the
commission's rejection to consider the commission's concerns. In
rejecting an agreement, the commission shall indicate the specific
provisions of the proposed agreement that caused the rejection, as well
as its rationale for the rejection. The commission may, at its discretion,
indicate the total cost impact or savings it would find acceptable in a
new agreement. After the expiration of such ten-day period, the
commission shall approve or reject any such new agreement proposed
by the parties. If the parties have been unable to reach an agreement or the commission rejects such agreement, the commission shall set forth the terms of the new agreement, which shall be binding upon the parties. In establishing the terms of the new agreement, as well as in making a determination to reject a proposed agreement, the parties shall have an opportunity to make a presentation to the commission. The commission shall not be limited to consideration and inclusion in the collective bargaining agreement of matters raised or negotiated by the parties; and

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 6. (Effective from passage) The commission and all other
provisions of sections 1 to 11, inclusive, of this act shall terminate six
months after the satisfaction of the following conditions: (1) The
general fund, special revenue funds, enterprise funds and internal
service funds of the city shall have, for three consecutive fiscal years,
maintained a positive unreserved fund balance and retained earnings
balance, in accordance with audits required by the general statutes,
and (2) the commission, by resolution, determines that: (A) There have
been no annual budgetary deficits for the general fund of the city for
three consecutive fiscal years; (B) the city has presented, and the
commission has approved, a financial plan that projects positive
unreserved fund balances and retained earnings for the general fund,
special revenue funds, enterprise funds and internal service funds for
the three succeeding consecutive fiscal years covered by such financial
plan in accordance with generally accepted accounting principles and
this act; and (C) the audits for two consecutive fiscal years have been
completed and are unqualified relating to the annual reporting of
results of operations for all governmental funds, enterprise funds and
internal service funds.

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

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

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

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

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

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

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

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

Sec. 11. (Effective from passage) Notwithstanding the provisions of
subsection (b) of section 10-262i of the general statutes, for the fiscal
year ending June 30, 2017, the Comptroller shall pay to the city an
amount determined by the secretary from the balance of the grant due
to the city of Hartford under the provisions of subsection (a) of section
10-262i of the general statutes. Notwithstanding the provisions of
section 3-55i of the general statutes, the secretary may certify the
amount due the city of Hartford under section 3-55j of the general
statutes at any time and, once such certification is made, the
Comptroller shall draw an order on the State Treasurer and shall pay
the amount thereof to the city not later than thirty days after such
certification has been made.
This act shall take effect as follows and shall amend the following sections:

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**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.]