



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.]