



Town of Madison, CT

Board of Finance

Subject to Approval

Minutes of a regular meeting of the Board of Finance held on November 16, 2022, 7:00 p.m. via Zoom Online Platform

Present: John Picard, Cindy Breckheimer, Filmore McPherson, Justin Murphy, and Katie Stein

Also present: First Selectwoman Peggy Lyons; Stacy Nobitz, Finance Director; Jaclyn Lehet, Executive Assistant

Mr. Picard called the meeting to order at 7:00 p.m.

REGULAR SESSION

1. Pledge of Allegiance. The Board of Finance stood and recited the Pledge of Allegiance.
2. Approval of minutes – Regular meeting of October 19, 2022 and special meeting on November 1, 2022 .

On motion made by Ms. Stein, and seconded by Mr. McPherson, the Board voted unanimously to approve the minutes of the regular meeting of October 19, 2022 and special meeting of November 1, 2022 as submitted.

3. Chairman's comments.

Chairman Picard wished the members a Happy Thanksgiving Holiday and thanked them for their service to the Town as members of the Board of Finance.

- 4.. Finance member comments/liaison reports.

Mr. McPherson noted that the Senior Tax Relief Committee is working hard on consolidating the various senior tax programs. They originally hoped to complete their work to have updates in place for the upcoming year, however, the required timeline will not allow the Committee to complete its work in time for implementation next year. They will continue to work on this project.

Mr. McPherson noted that the Pension Committee recently met and discussed the impact of the new Fire Department Pension update which will double the amount eligible

members will receive. The Pension's funding was previously in the 80% range but now with this doubling it will be in the 40% range. To address this shortfall, they will be suggesting that the Board of Selectmen and Board of Finance discuss two possible options including increasing the annual contribution from \$60,000 to \$250,000 per year or making a one-time \$1.5 million special appropriation from undesignated fund balance into this Pension Account to bring it up to the 85% funding range. Mr. Picard recommended that this item be placed on the agenda for a future Board of Finance meeting.

5. Report from First Selectman

First Selectwoman Lyons noted that the Board of Selectmen had discussed the Firemen's Pension shortfall and will be making a recommendation through the budget process.

First Selectwoman Lyons reported that the new Charter was recently passed with substantial public support. One important change is the new four-year term for members of the Board of Selectmen. Changes that effect the Board of Finance include an increase in the membership from 6 to 7, an increase in the threshold for a special appropriation to go to Town Meeting to \$250,000, the Board will not see within Department Line Item Transfer requests that are under \$20,000 and the budget process and timeline has been compressed to provide for an earlier referendum . There will be a more detailed discussion on the Charter changes at the December meeting.

6. Citizen Comments

There were no citizen comments

NEW BUSINESS

7. Discuss and take action to approve accepting the 2022 OPM Transit-Oriented Development (TOD) Grant Program for Woodland Road, Rt. 79 and Bradley Road Sidewalk Construction in the amount of \$206,488.00 .

On motion made by Ms. Stein, and seconded by Mr. McPherson, the Board voted unanimously to approve accepting the 2022 OPM Transit-Oriented Development (TOD) Grant Program for Woodland Road, Rt. 79 and Bradley Road Sidewalk Construction in the amount of \$206,488.00.

8. Discuss and take action to approve accepting the 2022 OPM Transit-Oriented Development (TOD) Grant Program for Madison Center Project Streetscape Improvements Phase III in the amount of \$761,134.

On motion made by Ms. Stein, and seconded by Ms. Breckheimer , the Board voted unanimously to approve accepting the 2022 OPM Transit-Oriented Development (TOD)

Grant Program for Madison Center Project Streetscape Improvements Phase III in the amount of \$761,134.00.

Mr. McPherson noted that he had reviewed the plans for the Streetscape and continues to have concerns that the design is restrictive of people going in and out of the CVS and Cumberland Farms shopping area. He would recommend further review before moving forward with the project. First Selectwoman Lyons noted that the original plan was completed in 2015 so she is confident that a review of questions and concerns can be done before the construction of the project begins.

9. Review the 2023 Meeting Schedule.

On motion made by Mr. McPherson, and seconded by Ms. Stein, the Board voted unanimously to amend Item 9 on the agenda to read “Review and act on 2023 Meeting Schedule”.

The Board members agreed to change the December, 2023 meeting from December 20th to December 13th.

On motion made by Mr. McPherson, and seconded by Ms. Stein, the Board voted unanimously to approve the 2023 Board of Finance Meeting Schedule as amended with the December, 2023 meeting date changed to December 13th.

10. Review the 2023-2024 Budget Workshop Schedule.

On motion made by Mr. McPherson, and seconded by Ms. Stein, the Board voted unanimously to amend Item 10 on the agenda to read “Review and act on 2023-2024 Budget Workshop Schedule.”

On motion made by Ms. Stein, and seconded by Mr. McPherson, the Board voted unanimously to approve the 2023-2024 Budget Workshop Schedule as proposed.

11. Review of Financials.

Ms. Nobitz reviewed a presentation the Finance Office had developed on a proposed Madison Investment Plan which would provide a long-term financial play to strategically ensure adequate funding for future capital needs, and stabilize the financial impact on the mill rate. **A copy of the presentation is attached to and make a part of these minutes.** She reviewed the goals, the steps to meet the goals, assumptions for projections, the projected total capital budget, the projected mill rate without the implementation of the Plan and the projected mill rate with the implementation of the Plan, as well as a graph that highlighted the Mill Rate Impact with and without the Plan.

The Board members agreed that this is a well thought out plan that should assist with avoiding spikes in the mill rate and stabilize the capital budget, debt service and pay as you go needs. They agree it is important to work toward leveling out mill rate increases.

Ms. Nobitz noted that one of the first steps to discuss and consider for implementation of the plan is a special appropriation of \$3.5 million from fund balance to build up the CIP.

Mr. McPherson noted that the current fund balance is \$20+ million and at least \$9 million cannot be utilized leaving approximately \$12 million available. Even if \$3.5 million is used for CIP and \$1.5 for the Firemen's Pension Fund there will still be a substantial balance in the fund balance to meet the 10% minimum required.

First Selectwoman Lyons commented that the Plan is based on assumptions so the Board of Selectmen and Board of Finance need to keep this in mind, especially in these unpredictable times, in order to be able to make thoughtful decisions.

In response to a question by Ms. Stein about assumptions about additional fund balances, Ms. Nobitz noted that it is understood that historically, any budget balance has acted to increase the fund balance, but this could change as we go forward.

First Selectwoman Lyons noted that the Board of Selectmen will be discussing the current 10% minimum to hold in the fund balance and whether this figure should be increased. They will be requesting Board of Finance input on this question.

Mr. McPherson suggested that OPEB be discussed as another item that could have an impact on the fund balance in the future.

12. Citizen comments.

There were no citizen comments.

13. Adjourn.

On motion made by Ms. Stein, and seconded by Mr. Murphy, the Board voted unanimously to adjourn the meeting at 7:48 p.m.

Respectfully submitted,

Terry Buckley, Clerk

Madison Investment Plan (MIP)

Long-term financial plan to strategically ensure adequate funding for future capital needs, and stabilize the financial impact on the mill rate

- **Goals:**
 - Segregate Capital Budgeting from Operational Budgeting
 - Capital Budgeting includes Annual Capital Budget AND Debt Service
 - Operational Budget should not be impacted by Capital budget, vice versa
 - Incorporate additional Debt Service into Budget
 - \$105m in Debt Service
 - Continue to fund Capital Improvement Program Projects
 - \$30m in five year Capital Expenditure Plan
 - Annual Capital Funding goal of .5% increase annually
 - Stabilization Mill Rate impact, goal <2% increase annually

Madison Investment Plan (MIP)

- Steps needed to meet Goals:
 - Build up Capital Improvement Program Fund Balances
 - Utilize Surplus in undesignated General Fund, Fund Balance (Current \$11m+)
 - \$3.5m into CNRE (\$2.3m from Island sale)
 - Short-term increase in Annual Capital Budget
 - 2022-2023 Additional \$750k budgeted
 - 2023-2024 Additional \$650k to be budgeted
 - 2024-2025 forward reductions to absorb debt service
 - Grant research to reduce Town funding
- Assumptions for projections:
 - Operating Budget annual increase of 2.5%
 - Phase out use of Fund Balance for Mill Rate within 5 years
 - Grand List increase of 1.03%, based on last five years average

Madison Investment Plan (MIP)

Projected Total Capital Budget

FYE	Projected Debt Service	Projected Year over year	Projected MIP Annual Capital Budget	Projected Year over year	Projected Year over year TOTAL CAPITAL BUDGET
2022-2023	\$3,008,363	-\$343,550	4,565,885	1,025,781	682,231
2023-2024	\$2,712,410	-\$295,953	5,358,302	792,417	496,464
2024-2025	\$3,484,883	\$772,473	5,161,991	-196,311	576,162
2025-2026	\$4,399,548	\$914,666	4,841,991	-319,999	594,666
2026-2027	\$5,359,826	\$960,278	4,373,340	-468,651	491,627
2027-2028	\$7,067,783	\$1,707,956	3,206,082	-1,167,258	540,698
2028-2029	\$8,187,939	\$1,120,156	2,661,765	-544,318	575,839
2029-2030	\$8,911,108	\$723,169	2,521,368	-140,397	582,772
2030-2031	\$8,505,320	-\$405,788	3,460,009	938,641	532,854
2031-2032	\$8,162,589	-\$342,731	4,277,809	817,800	475,069

Madison Investment Plan (MIP)

Projected Mill Rate

NO IMPLEMENTATION OF MIP

FYE	Projected Mill Rate	Projected Mill Rate Year over year increase	Projected % Year over year increase	Projected tax, \$500k Appraised Value	Projected Tax Year over year increase
2022-2023	29.41	.56	1.94%	\$10,294	\$196
2023-2024	29.53	.12	.41%	\$10,336	\$42
2024-2025	30.22	.69	2.34%	\$10,577	\$242
2025-2026	30.96	.74	2.45%	\$10,836	\$259
2026-2027	31.75	.79	2.55%	\$11,113	\$277
2027-2028	32.76	1.01	3.18%	\$11,466	\$354
2028-2029	33.58	.82	2.50%	\$11,753	\$287
2029-2030	34.26	.68	2.03%	\$11,991	\$238
2030-2031	34.59	.33	.96%	\$12,107	\$116
2031-2032	34.95	.36	1.04%	\$12,233	\$126

Madison Investment Plan (MIP) *Projected Mill Rate* IMPLEMENTATION OF MIP

FYE	Projected Mill Rate	Projected Mill Rate Year over year increase	Projected % increase over year	Projected tax, \$500k Appraised Value	Projected Tax Year over year increase
2022-2023	29.41	.56	1.94%	\$10,294	\$196
2023-2024	29.99	.58	1.97%	\$10,497	\$203
2024-2025	30.57	.58	1.93%	\$10,700	\$203
2025-2026	31.17	.60	1.96%	\$10,910	\$210
2026-2027	31.77	.60	1.92%	\$11,120	\$210
2027-2028	32.39	.62	1.95%	\$11,337	\$217
2028-2029	33.01	.62	1.91%	\$11,554	\$217
2029-2030	33.61	.60	1.82%	\$11,764	\$210
2030-2031	34.19	.58	1.73%	\$11,967	\$203
2031-2032	34.76	.57	1.67%	\$12,166	\$200

MIP - Mill Rate Impact

Projected

