



## **TOWN OF MADISON BOARD OF FINANCE**

**Budget Hearing April 19, 2016  
Polson Middle School Auditorium**

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Subject to Approval

Present: Joseph MacDougald, Mark Casparino, Bennett Pudlin, Jennifer Tung, Thomas Banisch, First Selectman; Thomas Scarice, MPS Superintendent, Jean Fitzgerald, Board of Education Chair, Stacy Nobitz, Finance Director; members of the public; MCTV

Mr. MacDougald called the meeting to order at 7:35 p.m.

Mr. MacDougald began the evening requesting a moment of silence for James Deephouse, a former long term member of the Madison Board of Finance who passed away recently.

Next, Mr. MacDougald introduced the members of the Board of Finance present and explained an interruption in our typical budget process. He stated that the budget posted and published would probably not be the budget going to referendum. After this second hearing the Board of Finance has the right to change the budget after comments and suggestions by the public during the hearing. However, this year is complicated by the fact that the State of Connecticut Governor Malloy had recently proposed cutting \$1,500,000 of the Education Cost Sharing funding to Madison. The State is also planning to cut the PILOT funding, payment in lieu of taxes, for State property in the town, such as Hammonasset State Park. Due to Madison's very sound fiscal practices, Madison could normally take such a cut in an emergency of up to \$500,000, however this hit is too much and will require budget changes. The Board of Selectmen and Board of Education are willing to work with the Board of Finance to find cuts, dig deep and deal with this financial impact on the taxpayers.

The BOF's requested budget overview was provided as it is presently published. The BOE budget contains a budget increase request of 3.65%, with a 1.18% operating budget increase. The Town budget has a 2.53% budget increase with an operating budget increase of 1.65%. The total impact of both budgets combined for the private health

insurance plan cost is a 20.22% increase. This gives a total budget increase of 3.30% and a proposed 2.48% mil rate increase. However, that will need to change as we see the final funding to come from the State.

The potential 2015/2016 mil rate prior to the ECS uncertainty had a total Madison budget of \$80,363,058 for a 26.67 mil rate, an increase of 0.91 mil or 3.53% increase. The BOF planned to offset this increase with \$750,000 from the unassigned fund balance, available due to a few years of unspent funds, creating a mil rate of 26.40, a 0.64 mil increase or 2.48%.

The State Appropriations Committee on April 6 recommended cutting Madison's ECS by \$900,000. April 12, Governor Malloy recommended a \$1,570,000 reduction, meaning zero dollars would be given back to Madison for education. We presently also receive \$400,000 in PILOT funds, and that is uncertain at this time.

Madison BOF planned a response in an emergency meeting on April 15

- Delay the referendum to May 24, to hopefully see the final State budget prior to making a Madison budget decision
- Emergency freeze on Town budgets
- Asking the BOS and BOE for budget reductions
- Planning to use existing Town funds and budget returns in the next budget.

Time was allotted for comments and questions from the public at 7:55 p.m..

Barbara Davis, 97 Stone Road- Asked if the budget contractual obligation were adhered and we made all the other expenses flat how would that work? Mr. MacDougald stated the the components would not significantly change as ½ the increase is attributed to the insurance covering the 2% increase, for the other 1.3% increase the details are unavailable here. However, we can assume most of it is BOE contracts and only several hundred thousand dollars would be attributed to other line items, not very significant.

Barb Wild, 6 Aylesbury Circle - Asked if we had increased employee co-pays in the health insurance. It was explained by Mr. Scarice that the changes in the population age of employees has created an increase in the claim costs. In addition, there was a change in the plans for a \$500,000 cost savings this year with contributions of approximately 20%. He stated that for several years Madison was well below the state cost average, and now we are reaching average numbers.

Raymond Hansen, Yankee Peddler Path - We can be thankful that we have a savings this year of \$500,000 from the debt service levels compared to last year. However, revenue enhancement is necessary. Perhaps something from Hammonasset State Park like a new special toll to the Town. Mr. MacDougald stated that our Police Department is kept very busy by the Park that PILOT is supposed to cover, but doesn't come close to our cost. The State would probably not look kindly on such a toll.

Bill Neilson, 153 Flintlock Road -The State is not going to change, we must plan to face the future. Mr. MacDougald stated that our BOF regulations require a 10% savings. This year we have over \$500,000 above that 10% to help us with emergency funding needs, however with a \$1,500,000 hit we will need to make adjustments.

Al Joel - With a \$1,700,000 cut from the State, how serious do we need to comply with unfunded Mandates? Mr. MacDougald replied that Jennifer Tung addressed this issue with our State representatives at our emergency meeting, telling them that they would need to remove costly mandates if they cannot provide funding to our education. Mr. Scarise stated that we will push back on those that do not directly benefit the students.

Barbara Davis, 97 Stone Road - Unfunded mandate noncompliance could cause more problems. Madison must look seriously in operational budgets for cuts. The town population is flat and the student numbers are continuing to decrease. The budget should target contract changes. Mr. Scarice's response explained that we have cut a teacher for every decrease in 20 students since 2010.

Mr. MacDougald spoke of some data Mr. Pudlin uncovered about the State budget cuts. Governor Malloy stated that his aim was to remove ECS funding from towns with the lowest mil rates. However, all the towns targeted had mil rates around 19, while Madison has a mil rate of 26 in a state with an average town mil rate of 29. This could mean there is a chance some funding will be reinstated.

Dick Passero, 287 Legend Hill - We hear about cuts, what about revenue increases? Mr. Banisch stated that he immediately began looking into increasing fees as ours are lower than other towns, such as the Bulky Waste Site. Plus, we should increase the commercial base, which is at only 10% of revenues and the EDC is seeking more commercial industry.

Mr. Casparino provided a summary of the Capital Improvement Plan, starting with the goals and process. The CIP modifications by the BOS reduced the funding to the Capital Non-Recurring Expenditures (CNRE) Capital Project Fund of \$498,000 and reduced the Communications Capital Project fund of \$50,000. The BOF restored the full \$636,000 as a current year special appropriation and the full cost of the Town Campus Baseball Field to \$150,000 (\$120,000 increase). As of this time the BOF has not committed to possible future projects such as the Scranton Library request for \$14,000,000, the LeSage property purchase for the BOE, an Academy School plan, or BOE school study.

Mr. MacDougald stated that the CIP captures all items in one place. The first year is imperfect, but he seeks continual improvement. It is flexible and modifiable and lists all of next year's projects.

In summary, the BOF is requesting a Town budget of \$24,576,854, an increase of \$605,864 from the present fiscal year or 2.53%. The BOE budget requested is

\$55,786,204, an increase of \$1,962,881 or 3.65% The two budgets combined will be \$89,363,058, and 3.3% increase at \$2,568,745.

Public Comments at 8:32 p.m.

Tom Hansen, 120 Princess Drive - If Malloy gets his way will the budget shown be changed? Mr. MacDougald answered yes, that is why we are delaying the referendum so that we get the best estimate a few weeks out. It will be published in the newspaper and online. Mr. Hansen then asked for a slide clarification on funding sources and was told the funding sources for the CIP will come from reserve accounts not outside funding. Finally, Mr. Hansen stated that part of being self insured means we need to have the right plan, it is not really good if in the fifth year we have the improper funding.

Art Wiley, 27 Lawson Drive - He asked Mr. MacDougald to explain his statement that the CIP prevents high tax increases. If the CIP funds capital projects, how can it smooth the highs and lows? We now have a wish list for \$30,000,000, not including another 4 even larger projects, find it hard to believe this is going to prevent tax increases. Mr. MacDougald explained that the \$30,000,000 is not for a single year, a vote for the CIP is not a vote for the specific projects, that can change, it is only a vote for the funding. We can only count on the reasonable projects to count on, it is all flexible. Mr. Wiley stated that the four sources for the funding included property taxes, contributions (that never reach the goal, like at Strong Field), grants and bonding which is also property tax funded. Mr. Pudlin stated that the transparency of the CIP is a great advantage and there will be no off the book spending through special appropriations, unless it is an emergency. He added that more or less spending is not an issue. Mr. Wiley said "also like a long term plan." Mr. MacDougald wanted to create the CNRC so that there would not be any known unknowns unbudgeted. The unknown unknowns would be covered by the Contingency Fund, Undesignated Fund Balance and 10% savings account.

Barbara Davis, 97 Stone Road - Asked if we should have a bonding schedule to help show this. Mr. Casparino stated that it is on the website and shows 20 years of data, project by project.

Joe Beerbower, 37 Woodlawn Avenue - Complimented the transparency and communication with the CIP information.

Kevin Schroeder, 129 Acorn Road - He likes how towns are going towards a more democratic process to increase voter participation.

Mr. MacDougald thanked the Boards and Stacy Nobitz for their assistance and concluded the hearing at 8:57 p.m.

Respectfully submitted by  
Jennifer Tung, Board of Finance Member Secretary

