



Town of Madison, CT

Board of Finance

Subject to Approval

Minutes of a regular meeting of the Board of Finance held on February 15, 2023, 7:00 p.m. via Zoom Online Platform

Present: John Picard, Jean Fitzgerald, Fillmore McPherson, Justin Murphy, Katie Stein

Also present: Stacy Nobitz, Finance Director; Kristen Bartosic, Manager of Budgets and Planning; Peggy Lyons, First Selectwoman; Bill McMinn, Facilities Director; Bruce Wilson, John Brady, Members of the public

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 January 18, 2023.

On motion made by Mr. McPherson, and seconded by Ms. Fitzgerald, the Board voted to approve the minutes of the regular meeting of January 18, 2023 as submitted. Mr. Picard, Ms. Fitzgerald, Mr. McPherson and Mr. Murphy voted in favor of the motion and Ms. Stein abstained.

3. Chairman's comments.

There were no Chairman's comments.

4. Finance member comments/liaison reports.

Mr. McPherson reported that he has had to step down as the liaison for the Library Board due to a change in their meeting date. Mr. Murphy agreed to serve as the new liaison for the Library Board.

Mr. McPherson noted that at the Pension Committee meeting it was reported that the fund was down as of the end of the calendar year but it has come up between 5% & 6% thus far this calendar year.

In response to a question by Ms. Stein about the need for a liaison for the Academy School Advisory Committee, Mr. Murphy agreed to serve in this capacity.

5. Report from First Selectman

First Selectwoman Lyons provided an update on the recent fire at the Library. She noted that the area was evacuated quickly. She thanked the Fire Department for their quick response. She noted that the Town will be working through the insurance process for any necessary repairs.

6. Citizen Comments

Bruce Wilson expressed his support for the recent action taken by the Town to increase the Firemen's Pension benefit. It is now necessary to look for the best way to pay for this increased benefit and he encouraged the Board to support a recommendation under Item 12 on the agenda to approve a \$1.5 million infusion into the fund to bring the fund up the appropriate level. Taking this action now will smooth out the budget needs for this Pension Fund over the next 18 years.

John Brady, 668 Summer Hill Road, noted that he is a member of the Fire Department and also supports the recommendation proposed in item #12 which will bring the fund back up to the 83% funding level.

Al Goldberg noted that, as Chairman of the Firefighter Investment Fund, he supports the recommendation in Item #12 as the best way to move forward from an investment perspective.

NEW BUSINESS

7. Review Financials.

Ms. Nobitz noted that she had sent the members information on the Fund Balance.

8. Discuss and take action to approve the following appropriations related to ARPA funds.

i. **Return Project Balances totaling \$912,038 to the ARPA Fund.**

In response to a question by Ms. Stein, Ms. Nobitz clarified that both the construction and lighting pieces of the Tennis Court project were originally to be funded through ARPA. Previously \$100,000 had been approved for conduits for the lighting portion but a determination has been made to put this lighting portion on hold and reallocate the \$100,000 to the construction portion. Ms. Nobitz noted that this change does not impact the balance.

On motion made by Ms. Fitzgerald, and seconded by Ms. Stein, the Board voted unanimously to approve the release of \$912,038 of ARPA Funds from approved projects that now have either been completed under budget, are no longer needed, are ineligible for use of ARPA funds, or are unlikely to meet ARPA timing requirements.

ii. **Reallocate \$100,000 of approved ARPA Round 10 project funds for tennis court lighting to the tennis court construction project.**

On motion made by Ms. Fitzgerald, and seconded by Mr. Murphy, the Board voted unanimously to approve the reallocation of \$100,000 of approved ARPA round 10 project funds for tennis court lighting to the tennis court construction project.

9. Discuss and take action to approve the ARPA Round 13 projects; total expenditure not to exceed \$301,100; approved by Board of Selectmen 2/14/23.

Ms. Nobitz noted that Round 13 includes \$53,000 for the two new Daniel Hand High School/Polson Tennis Courts which together with the \$100,000 approved in item 8ii above will provide the additional funds needed for the \$939,500 total for this project. Round 13 also provided \$248,000 for electrical infrastructure which will complete the electrical infrastructure and utility pole removal for the Downtown Center Project.

On motion made by Ms. Fitzgerald, and seconded by Ms. Stein, the Board voted unanimously to approve the ARPA Round 13 projects, total expenditures not to exceed \$301,100.

10. Discuss and take action to approve a Special appropriation for Madison Center Project Phase II of \$315,283, pending Town Meeting approval.

In response to a question, Ms. Nobitz noted that ARPA funds are not allowed to be used as matching funds for a grant and this request is to provide \$160,000 match for a TOD grant and \$155,283 for a STEAP grant.

On motion made by Ms. Stein, and seconded by Ms. Fitzgerald, the Board voted unanimously to approve the request of the Selectmen's Office for a Special Appropriation of \$315,283 from undesignated fund balance to Account #CN00000V/57108, to provide matching funds of \$160,000 for the TOD Grant and \$155,283 for the STEAP Grant, to aid in the completion of the Madison Center Streetscape Improvements Project Phase III.

11. Discuss and take action to approve a Special Appropriation for the Daniel Hand Stage Lighting Project not to exceed \$120,000 approved by the Board of Selectmen 2/14/23. The current approved CIP budget for this project is \$344,156.

A motion was made by Mrs. Stein, and seconded by Mr. Murphy to approve the request of facilities for a special appropriation of \$120,000 to Account #CNRE 2023-50034 to complete lighting replacements and improvements at Daniel Hand High School during Summer, 2023. Mr. Murphy suggested that consideration be given to funding this project from ARPA funds. In discussion, the Board members agreed that this request should go back to the Board of Selectmen with a recommendation that \$120,000 in funding for the Daniel Hand Stage Lighting Project come from ARPA funds.

After discussion, on motion made by Mr. McPherson, and seconded by Mr. Murphy, the Board voted unanimously to rescind the motion made by Mrs. Stein, and seconded by Mr. Murphy to approve the request of facilities for a special appropriation of \$120,000 to Account #CNRE 2023-50034 to complete lighting replacements and improvements at Daniel Hand High School during Summer, 2023.

12. Discuss and take action to appropriate funds to the Fireman's Pension Fund from the undesignated fund balance.

A motion was made by Mr. McPherson, and seconded by Ms. Fitzgerald to appropriate \$1.5 million from the undesignated fund balance to the Firemen's Pension Fund.

Mr. McPherson noted that, with the benefit provided for the Firemen's Pension recently doubled, this fund, which was 83% funded will now be 40% funded. He does not believe the rating agencies would look favorably at a pension fund being funded at 40%. Mr. McPherson provided a copy of a chart showing a projection of the Town's Actuarially Determined Contribution with the improved benefit and the impact on the Town's contribution compared to the original benefit. Without an infusion the impact on taxpayers would be \$2 million over 20 years. Mr. McPherson also noted that the pension funds are invested and these funds tend to receive a larger return which is also a benefit to the fund.

Mr. McPherson also provided a handout on a fund balance analysis showing that the net available, after taking out the 10% reserve, is \$12,849,382. After listing possible upcoming uses for the fund balance totaling \$9,904,298, including a \$1.5 million infusion for the firemen's Pension, there is still a balance of approximately \$3 million in undesignated fund balance. He believes that providing a \$1.5 million infusion is the best use of Town funds.

Mr. Murphy commented that the full Board agreed that this benefit is deserving but now there is a need to determine how to pay for this increased benefit. He believes that the fund balance should be available for unanticipated surprise expenses but since the increased pension benefit was a planned action, it should be a budgeted item subject to the full budget process. He is also concerned about two other upcoming projects including the Surf Club and the Community Center and he recommends limiting the use of fund balance until these two projects are finalized. The Town would have the option to infuse funds at a later date once these large projects are finalized and any possible overruns are known.

In response to a question by Mr. Murphy, Ms. Nobitz noted that the auditors do take a look at each individual pension fund separately but then also look at all of the funds together as a whole.

Ms. Fitzgerald commented that she also has concerns about funding for some of the upcoming projects and the Board needs to be aware of this when using fund balance.

Mr. McPherson commented that if a decision is made to phase in the funding needed to fund the pension increase, there will be a tax impact next year. Mr. McPherson also noted that consideration could be given to reducing the reserve amount.

Mr. Picard commented that he agrees with the action to increase the pension benefit and that now the Town needs to determine the best way to fund this benefit. He does not believe any option being considered will have a negative impact on the bond rating. He also noted that fund balance funds are earning some revenue for the Town. He also has concerns about some of the unknown variables like the Surf Club, Community Center and school projects. He would be comfortable with some infusion of funds but would not be comfortable with any action that could reduce the undesignated fund balance to \$2.9 million.

Ms. Sein commented that she agrees the pension fund needs to be funded, but since this is a multi-year issue and there is a need to catch up, she could support an infusion to help but is not sure \$1.5 million is the right number. She is also in agreement that planned items should be included in the budget process whenever possible. Mr. Murphy commented that he could also consider a multi-year infusion.

Mr. McPherson expressed concern that this would simply be “kicking the can down the road”. He believes this is an appropriate time for a large infusion since the funds are

available. He does not see any movement in the large upcoming projects until 2 – 3 years from now.

First Selectwoman Lyons commented that she agrees consideration needs to be given to the number of capital projects coming up in the future. She supports the idea of an infusion but does not believe immediate action is needed. Consideration could be given to making an infusion later this year or even next year when more information might be known about the other projects.

Mr. Picard suggested discussion on a \$500,000 infusion. Ms Nobitz suggested another option of setting aside a set amount like \$500,000 to be available to offset the needs for an increased contribution for the next 4 to 5 years, thereby acting as a small reserve from fund balance to offset the budget.

A motion was made by Mr. McPherson and seconded by Ms. Fitzgerald to amend the motion made to appropriate \$1.5 million from the undesignated fund balance to the Firemen's Pension Fund, to change the recommended amount to \$750,000.

In discussion, Mr. Murphy commented that he would like further information and clarification on Ms. Nobitz' idea of setting aside a dollar amount to use to mitigate the year to year budget impact of the increased pension benefit.

Mr. Picard noted that discussion and any action needs to address two issues including funding the increased pension benefit and helping to smooth out the yearly budget impact of this increase.

The Board members agreed they would like Ms. Nobitz to provide information on the three different scenarios of providing either \$500,000, \$750,000 or \$1.5 million as an infusion or as a set-aside for an annual amount to mitigate the budget impact of funding the increased Firemen's Pension Fund benefit.

On motion made by Mr. McPherson, and seconded by Ms. Fitzgerald, the Board voted unanimously to rescind the motion made by Mr. McPherson, and seconded by Ms. Fitzgerald to appropriate \$1.5 million from the undesignated fund balance to the Firemen's Pension Fund.

On motion made by Mr. McPherson, and seconded by Ms. Stein, the Board voted unanimously to rescind the motion made by Mr. McPherson, and seconded by Ms. Fitzgerald to amend the motion made to appropriate \$1.5 million from the undesignated

fund balance to the Firemen's Pension Fund, to change the recommended amount to \$750,000.

13. Citizen comments.

There were no citizen comments.

14. Adjourn.

On motion made by Mr. McPherson, and seconded by Ms. Stein , the Board voted unanimously to adjourn the meeting at 8:07 p.m.

Respectfully submitted,

Terry Buckley, Clerk