



MEMORANDUM

**TO: Members of the Board of Finance
Members of the Board of Representatives**

**CC: Ben Barnes, Director of Administration
Elda Sinani, Director of OPM**

FROM: Mayor Caroline Simmons

DATE: March 12, 2025

RE: Updated FY 25/26 Budget Information

Since I presented my budget to the boards last week, the City has received information that will impact the FY2025-2026 proposed budget, specifically Other Post-Employment Benefits (OPEB) adjustments, compliance with new state requirements for Distressed Municipalities grants, and my recommendation that the City of Stamford defer implementation of the Municipal Option Motor Vehicle Depreciation Schedule. This delay is allowed under [H.B. 7067](#) and my recommendation is that the City wait until next year to implement due to the challenge of meeting the statutory deadlines this spring.

1. FY 2025-2026 OPEB Valuation Update

Milliman's current valuation for OPEB indicates a potential decrease of approximately \$6 million from the original FY2025-2026 budget estimates. This reduction is primarily due to the strength of the assets in the fund. Now that the actuarial value of the fund exceeds the accrued liability of the Actuarially Determined Employer Contribution (ADEC), it no longer includes amortization of a shortfall. As a result of the policy decision to switch retirees to the state partnership plan, as well as the sound management and investments made by the OPEB Board of Trustees, this revision will result in a reduction in taxes for residents, pending the final numbers from Milliman. Additionally, several positive trends have constrained growth in liability:

- A lower-than-anticipated number of retirees covered (1,178 retirees and spouses this year vs. 1,238 previously).
- Revised guidance from our health actuaries, noting that post-65 claims costs in the State Plan no longer require age adjustments.

Please note that the final valuation figure may change based on actual asset values and is anticipated later this month.



2. Distressed Municipalities Grant and Enterprise Zone Reimbursement

Under Public Act 23-205, all Enterprise Zone reimbursement funds must be allocated solely for capital projects. Previously, these funds were recorded as intergovernmental revenue within the general fund. For the FY2025-2026 budget, this statute suggests we should reduce general fund revenue by \$2.8 million and provide that revenue to support the capital budget.

3. Municipal Option Motor Vehicle Depreciation Schedule allowed under Public Act 25-1 (HB 7067)

This year, state law changed to require that motor vehicles be assessed based on MSRP less depreciation, instead of the Blue Book value, starting with the October 24 grand list. This results in a one-time drop across the state in motor vehicle grand lists, which the municipal option is intended to address. Please be aware that individual assessments may go up or down based on this change.

Under the local option, the City of Stamford may by ordinance adopt an alternative depreciation schedule that adds 5% of the MSRP to each year's depreciated value. To implement the local option for the FY2025-2026 budget cycle, we would need to adopt the new schedule by ordinance, recalculate the motor vehicle assessments and notify taxpayers, and republish our grand list by April 15, 2025. I do not believe that this timeframe allows for public deliberation of the change through the normal process, so I recommend that we consider the option for local adoption in the future.

Conclusion

OPM staff will work with both boards to ensure that the final adopted budget addresses these items appropriately. Please do not hesitate to reach out with any questions or concerns to Ben Barnes or Elda Sinani.

I look forward to working with all of you to finalize a fiscally responsible budget that benefits Stamford residents.