

Minutes of East Lyme Board of Finance Public Hearing - 04/24/23

Date and time: 04/24/23 7:00 PM to: 04/24/23 7:36 PM

Present: Brooke Stevens, Recording Secretary, Denise Hall, Chairperson, John T. Birmingham, Vice Chair, Peter Derosa, Paul Maxfield, Richard Steel, Absent:, Lauren McNamara

CC: Kevin Gervais, Finance Director, Kevin Seery, First Selectman, Eric Bauman, Board of Education Chair

Location: East Lyme High School, 30 Chesterfield Road, East Lyme, CT 06333

Link: <https://app.meetingking.com/meetings/397541>

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Kathleen M. Woodrow
TOWN CLERK

Topics

1. Call Meeting to Order & Pledge

Note Chairperson Hall called the April 24th, 2023, Public Hearing of the Board of Finance to order at 7:00 p.m. and led the Pledge of Allegiance.

2. Comments by First Selectman

Note Mr. Seery came forward and detailed the budget making process for those in attendance.
[BOF Public Hearing Slideshow.pdf](#)

Note Mr. Seery summarized the Town Budget and new budgetary highlights included some of the following:
The State Appropriations Committee reported that they're recommending all towns be restored to the ECS level they were at the previous year.
Holly Cheeseman, our State Representative, is extremely confident that it will pass when it comes to the House floor and the Senate floor.
After numerous reviews and discussions, they've managed to decrease the requested increase in the Town Budget from 9% to 4.91%.
The proposed budget for town services is \$2,512,746.
You'll notice a spike in debt service, it's 26.38% because of the bonds coming due.
That'll also be the case next year as well.
There are more bonds related to the school's renovation and Public Safety Building that will be coming due next year.
So next year will be another tight year.
We're able to save some money in capital.
Last year was \$678,000 and we got that down to a little under \$500,000 this year.
We were very careful about what we did.
It was also fortunate that we had \$117,000 left in American Rescue Funds, so they were able to cover several one-time purchases with those funds.

3. Comments by Board of Education Chairman

Note Mr. Bauman came forward and said some of the following:
He's not going to present any slides today, since they've already presented numerous times.
He wants to thank the community members, parents, teachers, students, and staff who have spoken on the behalf of teachers and provided feedback for them.
The budget process was tough but worked well across the board.
They're all happy, where we ended up.
He thinks they're in a good place.

4. Board of Finance Presentation of Proposed FY2023-24 Budget

Note Chairman Hall introduced the Board of Finance Members, discussed the budget process, and said some of the following:

Overall, the Board considers the proposed revenues, expenses, capital and what it would ultimately mean to the mill rate, and to people's taxes.

The budget was submitted to the Board of Finance on March 8th, 2023, with an overall expenditure increase of 8.77% and a revenue increase of 8.27% from the fiscal year 2022-23 budget.

This would have resulted in a mill rate increase to 25.45.

They held 6 meetings to review and deliberate on the proposed budget and met with Department Heads and with the Board of Education.

The BOF proposed reductions that would have resulted in a mill rate of 24.98.

The Board of Finance will meet immediately after tonight's Public Hearing to further finalize the budget, which will subsequently be voted upon at the Town Meeting on May 8th, 2023, followed by the Annual Budget Referendum on May 18th, 2023.

In terms of budgetary goals, they have been working to increase the undesignated fund balance to get to 15% of total expenditures in the General Fund.

Financially, they want the town to be healthy and have the ability to withstand any unforeseen events that could take place throughout the year.

Their aim is 15% and they've seen other towns that are both higher and lower.

They went through a risk analysis using a template from CCM, and they recommend that we have greater than 16%.

They want to reduce our bonded debt.

That's another metric that when the rating agencies look at us; they decide how much debt per capita each town has.

That goes into their determination of what our rating should be.

The higher rated you are, the lower the interest rate assigned to those bonds.

They want to keep some of these factors in mind so that we can hopefully get to a point where we could get a rating upgrade.

They're also always looking to limit the burden on our taxpayers.

Some of the challenges as Mr. Seery alluded to is the debt service is large.

We have to make sure we fund our pension for our retirees.

They're looking at possibly, over the next 5 years, having to put 2 million a year into the pension.

These are some of the challenges we face.

We were lucky to have a reval last year and see really good growth of the Grand List.

But history has shown us that that that doesn't keep going in that direction.

If we are entering into a continued economic recessionary mode, then the ability for continued growth of the Grand List can be constrained somewhat.

These are some of the things that we're looking at as we look to put the budget together while trying to balance all of these issues.

Our total proposed operating budget is \$86,015,876, which is an increase of 7.16%.

Our mil rate will be 24.98.

The assessment of one's home is 70% of the home value.

If you own a home that's valued at \$300,000, You'll be paying an extra \$239 a year.

If you own one that's valued at \$500,000, you'll be paying an extra \$400 for the year.

If you own a home that's valued at a million, you'll be an paying an additional \$800 a year.

Note Ms. Hall further discussed the budget.

5. Public Discussion- Comments from the Public

Note Ms. Hall said per our Charter, any person qualified to vote at the annual town meeting is able to speak here at the Public Hearing, and she called for Public Comments.

5-1. Brian Zahnstecher of 65 E Pattagansett Road & 88 Oswegatchie Hills Road

Note Mr. Zahnstecher commented that this is really detailed diligent work, that is clearly not easy. He discussed how the values of homes in town have risen, and how many new people have moved here, which is a testament to what the town offers.

Note Mr. Zahnstecher also offered the following comments:

We're not just paying more in taxes.

This is ROI.

When you talk about roughly \$80 per \$100,000 of value, that increase that people will be paying-

If it makes your property value go up, even 1%, that's almost a no brainer investment.

He really wants to emphasize it's not just taxes, it's an investment in our town, our kids, our services, our state, our revenues, and our home values.

5-2. Kim Herlock of 41 Ancient Highway

Note Ms. Hurlock said the following:

She's the Vice President of the Secretarial Union.

She'd like to thank the Board of Finance for the very difficult position of doing a budget with so many issues and concerns.

The Public really appreciates that they have listened to them, and that's extremely important.

They also want to thank the BOF for their time and efforts going forward.

She hopes that the Board and the residents, will help protect our funding and protect the vital services that East Lyme students and families rely on.

Our community can't afford to lose these essential services at any time when educational resources are more important than ever.

She urges all East Lyme residents to support the budget and come out and vote.

5-3. Matthew Sokolovsky of 26 White Birch Circle

Note Mr. Sokolovsky had some of the following comments:

They've lived here for 11 years, and property values have risen along with tax payments, at a rate of 10%-15% per year.

The taxes have become pretty high, and it's interesting that we're considered a Republican town.

Low-income families can't buy a house in our town becomes quite unaffordable.

People don't want low-income families in the in the town and maybe that's why we're okay with taxes going up.

He thinks we should make a real effort to find ways to reduce taxes.

And one of the ways is competition.

An agreement could be made to allow students to attend East Lyme, Waterford, or Old Lyme, which would encourage competition.

There may be many other things that can be done, but we're not trying.

It's the same old narrative, "nothing can be done."

Maybe we should try to eliminate the whole superintendent's office and let the schools run by themselves.

Maybe we can subcontract the superintendent offices to make things more competitive.

He thinks the narrative that "nothing can be done" is a very boring and unhealthy narrative.

He would prefer to see more people come to town and be able to afford buying a home here.

5-4. Scott Mahon of 11 Birch Hill Road in Lyme

Note Mr. Mahon had the following remarks:

He represents the East Lyme Teachers Association as their President.

He wants to say thank you to the Board of Finance, for listening to not just the teachers, but also to the students.

He thinks the BOF was compassionate about what they brought to them.

He thanks the Board of Ed and Superintendent Newton, for taking the reduction and doing the best they could to find ways, to keep teachers.

He represents teachers, but teachers represent students.

The teachers represent the educational process that occurs in this district.

Without those teachers, you don't have that education, you don't have those services.

This this budget, at least the educational portion of the of the budget, is raised razor thin.

There's no room for error going forward in this next year.

Our students cannot afford any more cuts, than what has occurred to this point.

6. Board Comments

Note Ms. Hall thanked Jeffrey Newton, Maryanna Stevens, Kevin Seery, the Board of Selectmen, and her fellow Board of Finance Members for all of their work and cooperation.

Note There were no further Board comments.

7. Adjournment

Decision MOTION (1)

Mr. Maxfield moved to adjourn the April 24th, 2023, Public Hearing of the Board of Finance at 7:36 p.m.

Mr. Steel seconded the motion.

Motion carried, 5-0-0.

Note Respectfully Submitted,
Brooke Stevens, Recording Secretary