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East Lyme

Board of Finance

August 9th, 2023, Regular Meeting Minutes

Minutes of Board of Finance August 9th, 2023, Regular Meeting - 08/23/23

Date and time: 08/23/23 7:07 PM to: 08/23/23 8:07 PM

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

CC: Bill Scheer, Deputy Director of Public Works, Jack Cunningham, ECS, Kevin Gervais, Finance Director, Kevin Seery, First Selectman

Location: East Lyme Town Hall, Upper Conf. Room, 108 Pennsylvania Avenue

Link: <https://app.meetingking.com/meetings/403427>

Topics

1. Call Meeting to Order & Pledge

Note Chairman Hall called the August 9th, 2023, Regular Meeting of the Board of Finance to order at 7:00 p.m. and led the Pledge of Allegiance.

2. Delegations

Note There was none.

3. Approval of Meeting Minutes

3-1. Regular Meeting- June 14th, 2023

Note see attached meeting minutes.

 [BOF-June-14-2023-Minutes.pdf](#)

Decision MOTION (1)

Mr. Birmingham moved to approve the Meeting Minutes of June 14th, 2023, as presented.

Mr. Maxfield seconded the motion.

Motion carried, 6-0-0.

4. Reports

4-1. First Selectman

Note Mr. Seery reported the following:

Our Little League team won the state championship this year.

On the 1st of August, we had the National Night Out for first responders, the police, firefighters, and EMTs. Some personal from the Town of Waterford joined in the festivities as well.

It was a nice night, well attended, and they got to see a working dog in action.

The Board of Selectmen has appointed an ad hoc committee on short term rentals.

Short term rentals have gotten a lot of press not only in town here, but elsewhere.

There are 8 members- one member of the Board of Selectmen, one member of the Zoning Commission, and 6 members of the community at large.

Some of the community members are representing some of the beach communities in town, specifically Crescent Beach, Oak Grove Beach, and Black Point.

They've given them a charge to examine and investigate the issue.

They'll consult with the Zoning Official, the Building Official and the Fire Marshal, as needed, and they've been appointed a recording secretary to document their work.

They'll be having their first meeting Monday night, at which time they'll elect their Chair, and the Town Attorney will read their charge.

Similar to the Charter Revision commission, they'll have two public hearings, one at the onset, and then one prior to making a recommendation to the Board of Selectmen.

They'll report back to the Board of Selectmen with their recommendation within 90 days, or longer if they feel additional time is necessary.

The proposed Charter revision was published in the paper last week.

The questions have been approved by the Secretary of State.

In early October, they'll be sending out a notification to everyone in town, so they can see what the questions are.

Note Mr. Seery detailed how the Nehantic Tribe has identified an area behind the McCook's bathhouse, as a burial ground. He said Yale has identified some remains, tribe archaeologists have approached Jerry Lokken, the Parks & Recreation Director, some of the existing statutes will be moved to alternate spots, so the designated area can be protected.

Note Mr. Seery added that he has invited John Pfeiffer, one of the archaeologists, to come to the Board of Selectmen next month to make a presentation.

Note Mr. Seery said he also met with Amtrak, who agreed that the fence they initially selected, would not have been an appropriate choice; they will contact us when they have a new selected a new fence that they've budgeted for. He added that they're very cooperative and want the town to be a part of the solution.

Note Mr. Steel asked about Charter Revision and Mr. Seery explained that substantive changes to the Charter will be voted on separately, which he briefly discussed.

Note Mr. Steel asked about moving the fencing where the statutes are at McCook's, that need to be placed elsewhere. Mr. Seery observed that's a question for the Nehantic Tribe since it's their burial ground. He said he thinks should be left to them to decide access.

Note Ms. Hall asked about the grand opening of Noble Gas and Mr. Seery reported that it was a nice opening, they offered an extra \$.75 cents off of gas, they're going to try and keep their prices as low as possible to match other areas in town, they have a coffee shop, a Nardelli's Sandwich Shop, a mini-mart, and an ice cream parlor. He thinks it's a great resource for the town.

4-2. Superintendent

Note Ms. Hall observed that no one from the Superintendent's Office or Board of Education is in attendance this evening, so they will move on to the next item on the agenda.

5. Director of Finance Report

Note see attached report.

 [BOF_Presentation.pdf](#)

Note Mr. Gervais shared some of the following:

They still plan to go live with MUNIS on July 1st, 2024, which will be next fiscal year.

The implementation process and time required is extremely significant.

They're implementing zero balance accounts, so the majority of our cash will be in interest bearing accounts.

They're exploring new software such as OpenGov, ClearGov (Budgeting), Debtbook, and Lease Crunch, for leases and debt service.

They're working on updating policies and procedures within the finance office.

The Payroll Fiscal Assistant is retiring so they're looking to revamp a lot of the procedures that each of the three clerks in the office do in a given day, and make sure it's the most efficient use of time.

5-1. Bond Rating Update & Finance Annual Calendar

Note He, Mr. Seery, and Mr. Fraser, the Town Treasurer, conducted a bond rating.

We have general obligation bonds and then we have notes, and the notes are due next year and are for a 15-year duration.

They therefore come due in 2043.

Note Mr. Gervais briefly discussed how rating are determined and how they've been encouraged to put a greater focus on Coastal Exposure; they've been directed to take a look at the Town of Brandford who has a Coastal Resiliency Fund.

Note Mr. Gervais said he's also looking to establish an OPEC Trust and made reference to do some of the notes that will roll over into bonds, presumably next year. He added that he would like to establish a finance calendar, so that everyone has clear expectations of the regular items as well as the timeline, and anyone who has any suggestions for this, should feel free to email him.

Note Mr. Gervais said the added benefit of a calendar is to prevent any item from slipping through the cracks.

5-2. FY2022 Audit Status

Note Mr. Gervais said some of the following:

Auditors are coming in.

They were supposed to come in last week.

We're delaying them until next Thursday or Friday and they'll be here doing some field work.

We're wrapping up our balancing and reconciliations and as we complete them, we're sending them off funds at a time.

Note Mr. Gervais explained they're still working through the close of FY 2023, and he has a hard deadline of August 15th to get the invoices and accounts receivable in, so they can close that fund, or close that year.

6. Unfinished Business

6-1. Budget Status

Note Ms. Hall said she thought it was a very good draft and Mr. Gervais explained that the template originates from the Town of Brookfield where he worked on it several years ago., and he was able to adapt it for our needs here.

Note Mr. Gervais directed the Commission to the draft fund balance policy in the Commission Member Packet. He asked that they let him know of any changes they may want to make.

Note Mr. Gervais said for 2024, a big emphasis is on lines that were over budget in 2023; he's watching items such as police overtime, and the part-time verses full-time Firemen in Flanders, to determine where things are shaping up early in the year, to hopefully project out and see where they're going to stand at the end of the year.

Note Mr. Gervais said he wants to remind everyone about a capital committee; we should be balancing what we can afford vs. capital needs in the next 5-to-10-years. He noted this will provide us with a guideline, and kind of benchmark every year to what we can reasonably afford. Mr. Gervais said this committee would encompass representation from the Board of Finance, the Board of Ed, Board of Selectmen, Engineering, Public Works, and so forth.

Note Mr. Gervais mentioned the end of year transfers and discussed some of the following:
The Flanders Fire Department had a full-time fireman out on leave and had to utilize part-timers for coverage.
There was enough money to cover within the budget, but some of the lines had to be adjusted there.
A similar situation occurred with Dispatch.
The line items for legal fees are running a little high since we're in the middle of Charter revision.

Note See attached report.

 [Perpetual Detail expenditure year analysis.pdf](#)

Note Mr. Gervais discussed revenue and shared the following:
The numbers are in yellow since the amounts are estimates and projections.
He thinks the bottom line between expenses and revenue will be a net projected income of \$500,000, which is a good target number.
This is especially good given that they're working with an 80-million-dollar budget.
He wants to highlight the Tax Collector's office who collected almost 37 million during the month of July.

Note Ms. Hall asked about the projected fund balance. (See attached report.)

 [Forecasted Fund Balance Projection.pdf](#)

Note Mr. Gervais explained that the revenues and expenses may be off slightly because he didn't change those two particular numbers, he just plugged the \$500,000 there into the later worksheet; they've had some end of year expenses, such as the East Lyme Ambulance subsidy for two firemen, IT Services, and our 1/2 of the Waterford East Lyme Animal Control costs. He said this is why the line items are slightly different, but \$500,000 is ultimately the number they're projecting.

Note Mr. Gervais said the 37 million from the Tax Collector's Office is no longer sitting in a checking account, instead we have an interest income projection. (See attached report.)

 [Interest Income Projection.pdf](#)

Note Assuming the interest rate stays the same the whole year, he's hoping to gain over a million. Mr. Gervais said he will keep the Board apprised of any fluctuations in the interest rate. He observed that the million is well over their projected \$625,000.

Note Mr. Gervais further detailed the projected interest-bearing income account.

Note Mr. Gervais also briefly reviewed the ARPA Funds and associated projects noting that 80% of their ARPA Funds have been expended. He said any funds that remain after these projects close out will be transferred to the ARPA Fund Balance.

Note Mr. Steel asked about the time frame for reallocating any remaining ARPA Funds and Mr. Seery and Mr. Maxfield discussed how it needs to be spent by 2026.

7. New Business

7-1. EV Chargers - ARPA Funding

Note Ms. Hall said the next item they need to discuss is a special appropriation of \$50,242 from the American Rescue Funds, to supplement an Eversource grant of \$174,579, to two, three tier electric vehicle chargers at the East Lyme Town Hall. She invited Bill Scheer, Deputy Director of Public Works, to speak about this matter.

Note Mr. Seery reminded the Commission that they previously discussed some time ago, the possibility of obtaining three tier units, which weren't readily available. He explained that they've become available, and they were able to get on the list, but the timeframe is quite short.

Mr. Seery said Mr. Scheer was able to extend the date to mid-September, so they can appropriate the funds for this. He added that the expansion of the Hole-in-the-Wall bathrooms by Parks & Recreation turned out not to be a feasible option, and the Town Attorney confirmed that these ARPA Funds could be reallocated for this project instead.

Note Mr. Scheer reported the following:

This project was initiated by Town Engineer Alex Klose, who is currently deployed in Kuwait.

These EV Chargers are the best of the best, they're the fastest and the most expensive.

A full charge is received in about an hour give or take, depending on whether the car is a newer or older model.

The Town was on a wait list for this and is now able to get this grant from Eversource.

Subsequently the new program has changed, in the future they would not be eligible, so this is their last chance to take advantage of this opportunity.

The EV Charger grants will likely be phased out, since the units are becoming more popular.

The Town contribution for this project is \$50,000, to install the units in the northwest corner of the parking lot.

We can charge whatever amount we like for their use.

This will allow the Town to look at purchasing electric vehicles for Town usage when new vehicles are needed in the future.

This at least gives the Town this option, if it's deemed more beneficial when a new vehicle is needed.

Jack Cunningham from ECS is here, and he can answer any technical questions that he (Mr. Scheer) cannot.

Note Ms. Hall asked if an employee would pay for charging their vehicle and Mr. Seery confirmed that they would, if it's a personal vehicle but the priority will be for Town usage and Town business.

Note Mr. Scheer said currently an RFID reader is utilized to allow Town vehicles to fuel up at the Town Garage, and they track each vehicle's mileage and so forth; these same readers can be incorporated into the EV Charging Stations.

Note Jack Cunningham came forward and shared some of the following:

They have many options for charging people.

They have a software package, and we'll spend about an hour to walk town personnel through it.

You can charge employees if you want for their personal vehicles, and they can charge whatever you want. Typically, in the state of Connecticut, they're seeing about 24 cents, and your fall in rate is probably somewhere between 14 and 21 cents.

If you want to make money on those cars, you will charge over that.

There's also a penalty that you can enact if someone comes in and tries to park their car overnight in here, and charge.

People can get alerts on their phones that their car is charged and that if they don't get off of this plug, they will be charged.

They can charge whatever amount that motivates people typically.

Note Mr. Scheer observed that they're keeping their options open at this point, since they've never done this before.

Note The Board and Mr. Cunningham discussed charging rates and Mr. Cunningham gave a brief history of the EV Charging Program.

Note The Board discussed the charging speed at some of the local area charging stations and Mr. Cunningham noted that East Lyme will be getting the fast chargers since they were chosen, while Mystic Aquarium will not be receiving the faster units.

Decision MOTION (2)

Mr. Maxfield moved to approve a special appropriation in the amount of \$50,222 for the installation and operation of two Tier 3 electric vehicle charging stations from American Rescue Funds to an account entitled "EV Charging Station" account 85-70- 009- 700- 901, and noted this requires a Town Meeting.

Ms. McNamara seconded the motion.

Motion carried, 6-0-0.

Note Ms. Hall thanked Mr. Scheer and Mr. Cunningham.

7-2. Fund Balance Policy

Note Ms. Hall asked if there were any questions or if they want to take it home for further review and send in any comments, questions, or changes they may have.

Note Mr. Steel said he found several areas to be a bit confusing and asked if it could be phrased in simpler terms for them.

Ms. Hall made the following response:

Our existing policy doesn't define things like assigned, unassigned, or the actual calculations used.

There are actually a number of different ways the calculations can be made and since the current policy is silent on this, they wanted to address it.

Unfortunately, it's an area that calls for technical accounting language.

She thinks they can take a look, and if there is a particular question or suggested change it will be helpful to impart that to Mr. Gervais.

Note Ms. Hall asked that the Board further review the policy, email Mr. Gervais, and copy the team on any suggested changes.

Note Mr. Steel observed that they originally discussed having a range of values rather than a specific one and Ms. Hall said initially, she liked that idea too but when you put it down in writing, that it's going to fall in this specific range, she's afraid if we drop below that, it will cause a policy exception.

Note Ms. Hall further discussed the policy and why she thinks they're in an appropriate spot without the range.

Note Mr. Gervais detailed how he edited portions out but can add that language back if they think it will make the policy more accessible.

Note Mr. Steel discussed how they need to keep the undesignated fund balance as robust as possible, because ultimately it affects our borrowing rates. He added that there is the perception in the public, people ask why this money cannot be utilized for other things, which is why he prefers a range; if people can see a range the Board is held accountable.

Note Mr. Gervais discussed the current cash flow issue and why it's important to move the timing of some of the bond payments on the debt service.

Note The Board further discussed the Fund Balance Policy and Mr. Gervais observed that the ultimate goal, is to save taxpayers' money.

8. Public Discussion

Note There was none.

9. Board Comments

10. Executive Session - Real Estate - East Lyme Land Trust - Oswegatchie Hills/Hathaway Farms Property

Decision MOTION (3)

At 7:51 p.m. Mr. Derosa moved to enter Executive Session - for the purpose of discussing real estate associated with the East Lyme Land Trust, specifically the Oswegatchie Hills and Hathaway Farms Property. Ms. Hall seconded the motion.
Motion carried, 6-0-0.

Note The Board of Finance exited Executive Session at 8:07 p.m., with no action taken.

11. Adjournment

Decision MOTION (4)

Mr. Birmingham moved to adjourn the Board of Finance August 9th, 2023, Regular Meeting at 8:07 p.m.
Mr. Maxfield seconded the motion.
Motion carried, 6-0-0.

Note Respectfully Submitted,
Brooke Stevens, Recording Secretary