

BOF April 1 2024 Special Meeting Minutes

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Cynthia M. McLeod
TOWN CLERK

Minutes of Board of Finance April 1st, 2024, Special Meeting - 04/01/24

Date and time: 04/01/24 5:30 PM to: 04/01/24 7:32 PM

Present: Brooke Stevens, Rec Secretary (* Ms. Stevens was not in attendance), Jay Ginsberg, Richard Steel, Lauren McNamara, John T. Birmingham, Paul Maxfield, Denise Hall, Chairperson

CC: Kevin Gervais, Finance Director, Dan Cunningham, First Selectman, Jerry Lokken, Parks & Recreation Director, Sarah Firmin, Director of Youth and Family Services

Location: East Lyme Town Hall, Upper Conf. Room, 108 Pennsylvania Avenue
Niantic, CT, 06357.

Link: <https://app.meetingking.com/meetings/412775>

Topics

1. Call Meeting to Order & Pledge

Note Chairperson Hall called the April 1st, 2024, Special Meeting of the Board of Finance to order at 5:30 p.m. and led them in the Pledge of Allegiance.

2. Delegations

2-1. Bruce Cohen of 31 Upper Walnut Hill Road

Note Bruce Cohen, President and Director of Education of the East Lyme Giving Garden, discussed their mission and achievements, emphasizing its role in providing healthy food and education on regenerative gardening.

Note Mr. Cohen detailed the program and shared some of the following:
They're a 501C3 organization and this is their 4th year at 4 Church Lane.

They're very grateful to the Flanders Baptist Church for letting them use their land.

In the first year they grew 4,000 pounds of produce, the 2nd year 7,000 pounds, and last year nearly 11,000 pounds of healthy vegetables.

All of it is distributed to food pantries and soup kitchens through a partnership with Jemma Moran, of United Way, that feeds over 1,000 families every month.

Their education program provides hands-on learning in the garden, as well as a free seminar program.

The seminar is administered by local experts and farmers, who share their knowledge on topics that range from regenerative farming methods to nutritional awareness.

Regenerative gardening, or farming, is sweeping the country and the world because it solves so many of the issues, we have created with conventional farming methods.

A regenerative farmer grows soil.

That single activity has a multitude of impacts on our health, our environment, the amount of farmable land, our water supply, the nutritional value of our food, and food security.

Countless publications have linked these public health crises to the food we eat and highlighted that these disorders can be reversed or impacted by eating foods that are not processed or contaminated with toxic agents.

The East Lyme Giving Garden is promoting a grassroots effort to bring this kind of awareness to our community.

This year they have expanded the garden's growing space and are planning to produce well over 12,000 pounds of food.

2-2. Marjorie Meekhoff of 6 Cedar Ridge Road

Note Marjorie Meekhoff, Founder and President of Pollinator Pathway East Lyme, presented their initiatives, focusing on promoting native plants and creating healthy environments. h

Note Ms. Meekhoff detailed the program and shared some of the following:
There are other pollinator pathways throughout the state, but they're the only single pollinator pathway in a town that's a 501C3, which allows them to determine their own projects.

Their organization is totally run by volunteers.

Their primary purpose is to promote native plants for native insects and wildlife indigenous to New England.

This partnership process between native plants and native insects does two things.

It increases the biodiversity of our land, local ecosystems, which is the foundation of our food web.

And it creates healthy environments for East Lyme residents.

In 2020, members of the East Lyme Police Department asked them to create a native plant garden for insects and wildlife in the memory of Betty Murphy, a longtime resident of East Lyme and employee of the Police Department.

They received private donations and grant money from Sustainable Connecticut, which allowed them to complete phase one.

They would like to begin phase two and are asking the town for financial support.

Note Ms. Meekhoff provided the Board with some photographs and related literature for review in regard to the garden.

Note Ms. Meekhoff added that if anyone ever needs any of their free services, they should reach out to them. They're a resource for native plants for every resident in town and will go to Waterford and Salem as well.

3. New Business- Budget Reviews

Note see attachment.

 [114-Gov-Misc-Benefits-FY25.pdf](#)

3-1. 114 General Government

Note Mr. Gervais proceeded with budget reviews for General Government and other miscellaneous expenses, and noted some of the following:

For FICA Medicare, we have to pay \$6.75 million.

7.65% on the employer side for Social Security and Medicare.

This is just a calculation based on the overall wages in the budget.

Workers' compensation, same as liability, and auto protection, is a contractual obligated rate with CIRMA.

Pension and Retirement- on the town side, we also pay for non-affiliated, 7% into the Retirement.

We're going to fall right in there at about \$640,000, and this particular year, he's budgeting a \$600,000 payment.

This past year was a \$450,000 payment but we're amortizing our gains and losses over a 10-year period to smooth out the town's actuarially determined contribution.

It looks like there is a large increase for life insurance but if you look at the actual, we weren't budgeting properly.

So, we're just budgeting to the actual, and it's the same for the long-term disability insurance.

In terms of Healthcare and Dental, every year we have an increase there.

For Retirement liability, if any employee retires in town, we have to pay those individuals out for either sick vacation, personal, holiday, and comp time, based on their union contract.

This figure is \$194,000, which he has rounded up to \$200,000.

He anticipates we will have some savings in that \$200,000, pending everyone retires this year.

For legal expenses, we don't really spend money on legal transcripts unless there is a pending litigation lawsuit where we have to transcribe zoning minutes or the like.

The \$1,000 in this line is more of a contingency.

For legal ads, we spent \$24,000 last year, so we're hoping we can do that for 2025, but that's a challenged line.

Similarly, last year we spent over \$140,000 last year in legal.

There was a charter revision, and \$25,000-\$26,000 is attributed to that.

After consulting with the First Selectman, we think we can keep it to about a 5% increase.

Internally, we'll do a little more research before we reach out to the attorneys to get an opinion.

Zoning is a challenged department legally, last year we spent the full \$40,000 budgeted, so this year we've increased the amount to \$42,000 to keep up with the increased fees.

In terms of Labor, this year we have the new UPSEU contract, and we are still negotiating with the Fire Departments.

Overall, there's not much changing, there are only the services that are contractually obligated and operations.

In terms of unemployment, the town pays one-to-one, if an employee is eligible for unemployment compensation.

There's no unemployment insurance for the municipality.

If we're on the hook for \$40,000 to pay someone out of this line, then we will be asking for an increase.

This figure will remain the \$10,000 that it is now.

In terms of Eviction, we've decreased that line by 50% to \$200.

Last year in the budget there was some money left over to purchase a storage container, so renting an actual storage unit is no longer necessary.

For Insurance we also have CIRMA, which is again locked in at a 3 1/2% contractually obligated rate.

Note Mr. Steel asked what line 239, "checking indices" is and Mr. Gervais explained that statutorily, every year an outside party, in our case Attorney Bill Willets, comes in and audits the indexing of all the land record recordings for the entire year.

Note Mr. Gervais continued his review of General Government items and shared some of the following: \$10,000 is budgeted for cybersecurity insurance. He's working with Dan Cleary, the IT Director on this, and it might be more, it might be less. It's just the initial investment for the town, and in the event, we do qualify and it's more money, we'd either come before you or figure out a spot in the budget to reallocate to actually have cyber security insurance. It's the same for active assailant insurance. There were a few different levels we could choose from. We're picking the base level, and that's about a million dollars in coverage. As we actually apply for these, we can keep the Board apprised of what the actual numbers work out to be and have additional conversations about it. Then there is employee assistance, and this probably should be recoded to the HR line at some point. It's the Talents Employee Assistance Program, EAP. Professional development, town-wide is at the First Selectman's discretion. \$5,000 can go a long way into training. In the past we've spent about \$2,000 in that line. We have a new HR manager who really is leaning heavily into classes and trainings. This will be money well spent to train employees. We're trying to create a positive office environment and culture, and part of that is giving trainings in those areas that affect everybody and how they interact with one another. For 245, SC stands for Southeast Council of Governments, CCM is Connecticut Conference of Municipalities, and SEAT are the public buses you see around town. Those buses aren't free, and the town has to contribute a little bit to that as well. The cost is around \$10,684.

3-2. 115 Services to Community

Note see attachment.

 [115-Services-to-Community-FY25.pdf](#)

Note Mr. Gervais gave a quick rundown of Services to the Community and noted some of the following: We have a change in EL Beautification. Dan Shea, the previous individual who ran it has been trying to transition out of it. It's no longer not-for-profit. They've had conversations with Sue Kumro and the Niantic Main Street organization, who have taken on some of the beautification tasks the EL Beautification handled. The Treasurer has moved the \$7,000 left over from the Beautification Committee over to the Niantic Main Street's chain of custody. In the budget, we reduced that particular line to zero. For the 934- Youth Coalition Scholarship, they have moved that money from the Youth and Family Service budget into this budget, with all the other scholarships. And then the Board of Selectmen moved it back into Youth and Family Services. The East Lyme Police Cadets and Pollinator Pathway East Lyme have been added to the budget this year. The Blue Door, the Giving Garden, and the Veterans Rep mileage reimbursement were added in the in the last budget cycle.

Note Ms. Hall questioned whether there's a process when an organization is looking for money each year, do we wait for a request to come in, is there a policy behind it, and do they have to submit the financials or anything else?

Note Mr. Cunningham said there really hasn't been a process every year, initially, when they got started, there was an amount awarded, and year to year they've been given similar amounts.

Note Ms. Hall replied that it would be good to have the organization officially request it, backup their financial status, and the use of the funds.

Note Mr. Gervais detailed the request letters we did receive from these organizations, and said that's something we could improve on, and require next time. He added that he thinks there should be some sort of structure over this, and pointed out that he added the Veterans Rep to this last year, because he was driving 20,000 miles a year in his own car, bringing veterans to the VA in Newington, the VA down in West Haven, the grocery store, and the like.

Note Mr. Gervais emphasized the importance of the Veterans Rep mileage reimbursement and observed that it won't be a problem to craft a policy for these items.

Note Ms. Hall said her questions are really around process, we're taxing residents of our town that may not have money, then we're donating it to different organizations, so it would behoove this body to make sure that these funds are being utilized correctly and fairly.

Note Mr. Cunningham concurred with Ms. Hall.

Note Mr. Steel said he's been thinking along the same lines as Ms. Hall, as stewards for the taxpayers, he thinks it's vital that we do have a process in place, and an annual application is probably warranted. He added that for the sake of transparency, a process should be put in place.

Note The Board, Mr. Gervais, and Mr. Cunningham briefly discussed how the particulars for this can be hashed out prior to the next budget season.

3-3. Contingency

Note Mr. Gervais offered some of the following remarks, which he discussed with the Board:

We have four items in our contingency this year.

Town payroll contingency, the majority of that is the non-affiliated group, who is currently discussing increases with an Ad Hoc Committee, within the Board of Selectmen.

That will be wrapping up shortly.

Either Mr. Cunningham or a member of that Committee will present their recommendations to the Board of Finance.

He dropped it from 250 to 200 based on some early projections he ran.

After some conversations with that Committee, he's hopeful to have around \$50,000 left over for unexpected position changes.

That number could be refined slightly, but there won't be any material changes.

Hopefully this year we can do it before we adopt the budget, that way we don't have to go through that process.

The next item is a fund established to address coastal resiliency and shoreline protection, which reflects the town's commitment to environmental challenges.

We're still working on the ordinance and the language.

The third item is the OPEP Trust contribution.

Ideally, they'd like to start this in the next year.

OPEB stands for Other Post-Employment Benefits, and encompasses items such as retiree health insurance, which the town is responsible for, and right now, we pay as we go.

We should set money aside and then have that grow, and kind of contain the liability there on that side.

The \$10,000 is for the initial research to pay an attorney and development of it.

Next year, they'll ask for a number, probably in the \$100,000 range for this trust.

The fourth item is the town's actual contingency.

This is the line that we set aside for true emergencies.

They're asking for a quarter of a million dollars, up from the \$200,000 last year.

Ideally, he'd like to see that number approach half a percent of the overall budget, which right now, is \$90 million.

Note Mr. Gervais and the Board further discussed the town's contingency.

3-4. 118 Finance

Note Mr. Gervais provided an update on the Finance Office's achievements, including the implementation of new systems and software, such as Novatime and Munis.

 [118-Finance-Department-FY25.pdf](#)

Note Mr. Gervais noted that on the banking side, they've instituted positive pay on all our bank accounts. A year before he started, the town had about \$100,000 stolen due to fraud, and we've been catching the frauds attempts the last year and a half now, thanks to positive pay.

Note He added that they've also restructured the bank accounts to utilize zero balance accounts, so the majority of our funds are sitting in investment accounts, earning interest. Last year they also rolled out purchase cards.

Mr. Gervais explained that all Department Heads and employees who do purchasing on their department's behalf, have a State of Connecticut issued J.P. Morgan tax exempt, purchase card.

It helps them buy things quicker than the purchase order, invoice, or check route, and the town gets a 2% reimbursement on whatever we spend.

Note Mr. Gervais shared the following in regard to Munis:
The town's been paying for this software for about 7 years.
It costs \$125,000 a year to run.
It's going to take about 24 months to implement.
We are currently about 8 months into implementation.
We go live July 1st, 2024, with Accounts Payable, Accounts Receivable, and General Billing.
We go live January 1st, 2025, for Payroll and HR functions.
We go live with Utility Billing on July 1st, 2025.

Note Mr. Gervais mentioned ongoing discussions that are spearheaded either from his office or that his office is a part of, which include the following:
Establishing a Coastal Resiliency Fund.
Establishing a Grant Fund.
Establishing a Capital Committee, which he has a finance intern working on right now, and it will be presented to the Board of Selectmen in the next month.
The OPEB Trust.

Note Mr. Gervais detailed how the last time the town filed a financial statement on time was 11 years ago, and their efforts, since his arrival, to file financial statements on time and improve the town's financial reporting and transparency.

Note Mr. Cunningham shared that he witnessed a meeting with the State of Connecticut on this audit after he was sworn in, and he got an appreciation of just how big a problem this was for the town. He acknowledged that the credibility Mr. Gervais has with the State of Connecticut is what got us through this, without them putting us on a watch list, or sending an auditor down here to really monitor what we are doing.

Note Mr. Gervais discussed how the Finance Office employs an external Accountant to assist with technical year-end close-up questions and audit preparation.

Note Mr. Steel asked about the concept of a central purchasing agent and Mr. Gervais replied that the Deputy Finance Director was hired with two stipulations- he was working on his CPFO, his certified public finance officer certificate, and once that was completed, he would be working on his purchasing agent certificate. He finished that last month, and so the next thing he's going to work on is the purchasing agent, and it takes up to two years to get that.

Note Mr. Gervais noted that line 215, "the maintenance of office equipment," should really say "software" instead. The software is comprised of Novatime, Munis, and MCSJ, our current accounting software. He further explained that the \$125,000 cost for Munis is split between the Board of Ed and the town, roughly \$55,000 each, and Water & Sewer picks up the rest; the town needs the two accounting softwares, Munis and MCSJ, for two years, while we transition. He said that we also have the added fee of Novatime, which was paid for through ARPA previously.

Note Mr. Gervais added that once we are fully integrated and implemented with Munis, we will drop MCSJ, but he will have to determine how that will work since the State of CT requires us to maintain data for three years.

Mr. Gervais further detailed the costs associated with each type of software, and he and the Board discussed migrating data from one type of software to the other.

Note Ms. Hall said she would like to echo Mr. Cunningham's earlier comments that we're very lucky to have Mr. Gervais as our Finance Director, and she appreciates everything he's done to address everything that fell through the cracks when we were understaffed, didn't have the right staff, and so forth.

3-5. 126 Board of Finance

Note see attachment.

 [126-Board-of-Finance-FY25.pdf](#)

Note Mr. Gervais said the biggest item here is the auditing services, and he offered the following: They're only around five auditors in the entire State of Connecticut, that handle municipalities.

We have, CLA, formerly Bloom Shapiro.

We have a new audit partner due to mandatory retirement at CLA.

With the new partner came a new quote, \$80,500, as opposed to the original \$60,000.

He called around, and for this fiscal year, \$80,000 is probably a good number.

The Board of Ed contributes \$15,000 of this \$80,000.

3-6. 421 P&R

Note see attachment.

 [421-Parks-and-Rec-FY25.pdf](#)

Note Jerry Lokken, Parks & Rec Director, came forward to discuss his budget and offered some of the following remarks:

Parks and Rec contributes to the quality of life in the community.

They oversee the beaches, the parks, Celebrate East Lyme, concerts at the beach, and much more.

We have kind of three primary funding mechanisms that we use.

The first is the General Fund, which funds our Parks and Rec staff, our full-time staff, and our parks operation.

The special revenue fund is a separate fund that's funded by fees that people pay for programs and that doesn't impact the tax rate.

The people that pay a fee to go to the beach, or park a car at the beach, pays for the lifeguards at the beach, it's basically a wash.

COVID had a very detrimental impact on the sustainability of the special revenue fund.

A lot less money was coming in, but they still had expenses, which caused them to use up a great deal of their fund balance- 17%.

If you figure our special revenue fund budget is somewhere between half a million and a million dollars, we want a fund balance somewhere close to \$100,000.

Right now, we're closer to \$20,000 or \$30,000 than we are to \$100,000.

That's a challenge for them over the coming years to build that fund balance, to make sure that fund stays sustainable, so we can be ensured that operations at the beach continue.

Parks and Rec owns and operates the parks.

There are capital investments that they need to maintain in terms of equipment or projects that they do at those parks.

They have a modest increase in their General Fund budget this year, and it's primarily due to maintenance, seasonal labor, and maintenance of those parks.

They did request an additional full-time staff member, and more money to help maintain those parks.

Their duties are growing, they're not diminishing.

They're doing more and more in terms of maintaining properties that aren't parks, such as Town Hall, Niantic Main Street, the Public Safety Building, and Brookside Farm.

They help maintain properties that are not necessarily in the Park & Rec circle of responsibility.

The First Selectman and the Board of Selectman approved modest increases.

Note Ms. Hall asked what services they perform at Town Hall and Public Safety, and Mr. Lokken explained that they do tasks like mowing the grass, taking care of the leaves, collecting trash, and the like.

Note Mr. Lokken reviewed the list of capital projects they have:
The McCook's Seawall needs to be replaced, and they have budgeted \$400,000 for this.
This work will be done following the summer season.

There is a request for a beach erosion plan.

Even before the storm took out the seawall, they had three significant erosion events between November and January, at McCook's and Hole-in-the-Wall.

Hundreds of yards of sand eroded out into the sound.

Fortunately, a lot of it came back.

Significant erosion is happening at McCook's.

The water rains on top and it runs down the hill, and they need to do something to control that, and preserve the park.

The money that they would be spending on this plan, would tell them what they need to do.

In turn, they would be coming back, likely next year, with a request to actually implement the plan.

At Peretz Park, there are some projects that they have requested be done and are working with the First Selectmen on this.

They've decided to reallocate some ARPA funds that are left over from projects that they had, and fund these projects instead.

Note Mr. Steel asked what projects the ARPA funds were originally earmarked for, and Mr. Lokken explained that there are funds left over from making the restrooms at Hole in the Wall year-round, as well as a small amount of money left over from a park and playscape replacement.

Note Mr. Lokken said he wants to take a minute to recognize Todd Donovan and Ben Armstrong, who are Parks & Rec Commissioners. He shared that Mr. Donovan was the Chair of their Darrow Pond Subcommittee, that Subcommittee did a great deal of work, and completed a two-phase Master Plan. He added that they did request funding for a number of the phase one initiatives, and they've decided to pursue a recreation trails grant for \$350,000, to hopefully take this item out of the General Fund. The higher priority initiatives that remain after the Board of Selectmen cuts include the Darrow Pond signage and the disc golf course, for \$50,000.

Mr. Lokken said he's also added a park improvement program, to address smaller items such as replacing grills at McCook's Park, purchasing soccer goals for the fields or putting a fence up at the football field. He's requested \$50,000 to kind of maintain and continually upgrade our parks, to keep them usable. The Board of Selectmen cut this figure in half, so they're going to use some leftover money from the ARPA funds to kind of subsidize the other half of this.

Mr. Lokken said the other items they have listed here are vehicles, all of which are replacement vehicles. He clarified that they did request a new vehicle in the budget, but that was cut at the First Selectmen's review.

Note Mr. Lokken, Mr. Gervais, and the Board briefly discussed the Parks & Rec vehicle inventory.

Note The Board further discussed the Parks & Rec budget with Mr. Lokken.

3-7. 425 YFHS

Note see attachment.

 [425-YFHS-FY25.pdf](#)

Note Sarah Firmin, Director of Youth and Family Services came forward and detailed the transition of Youth and Family Services from Park and Rec to its own department, its financial restructuring, challenges, and the expansion of services to better address community needs.

Note Ms. Firmin explained that becoming their own department enables them to better focus on providing services to the community, including mental health and substance abuse prevention.

Note Ms. Firmin, Mr. Gervais, and the Board discussed how the transition involved financial restructuring, moving from a model where Park & Rec's Special Revenue fund subsidized youth services to a model where Youth and Family Services is funded through the General Fund.

Note Ms. Firmin noted that Youth and Family Services faces challenges in funding and sustainability, and relies on a mix of General Fund allocations, grants, and fundraising to support its programs. Despite these financial challenges, they aim to expand their services by 30-50%, in order to address a broader range of community needs beyond what was previously covered under Park & Rec.

Note Ms. Firmin also discussed how Youth and Family Services collaborates with schools and community organizations to offer comprehensive support to youth and families, including mental health services and educational programs. However, they face challenges in engaging parents in educational programs, which indicates a need for innovative strategies to increase participation and impact.

Note Mr. Gervais detailed how Youth and Family Services operates from the youth center, with ongoing renovations to accommodate the Department's needs and expansion of services.

Note Ms. Firmin and the Board further reviewed the budget for Youth and Family Services.

3-8. 522 Debt-Interest/ 523 Debt Principal

Note Mr. Gervais led a detailed discussion on the recent history and current conditions of debt services, interest, and the process of converting bond anticipation notes to bonds. He explained that we have \$6.5 billion of bond anticipation notes that we have to convert and added that every year there is around \$30,000 in fees, related to bands, which he also detailed for the Board. He also discussed having a better interest rate but a higher total project cost.

Mr. Gervais said he's had conversations with other Finance Directors about how problematic it is to do bonding every year, while also taking out notes. He hopes that this year, they'll roll that band into a bond, without taking out another note. We'll have a bonding schedule, get away from the notes and leases, and go to cash capital and bonds.

Note Ms. Hall asked if our Financial Advisor had been advising that and Mr. Gervais replied that this seems to be a practice that has been going on here for a while, it doesn't appear we've changed our Financial Advisor since he's been here, so that might be something they want to explore.

Note Mr. Gervais observed that he would like to wean back debt and increase cash a bit instead.

Note Mr. Cunningham said these are some painful times but we're getting through this audit process with the State of Connecticut, we're really changing our financial philosophy about band funding and cash capital and are starting to move in the right direction. He added that ultimately, we're going to be in a much better place than we've been.

3-9. 999 Capital Projects (CNRE)

Note see attachment.

 [Current-Year-Capital-Projects-Budget-Proposal-FY2024-25-UPDATED.pdf](#)

Note Mr. Gervais said he put this agenda item in for the departments and noted that Commission on Aging doesn't have any, Parks & Rec already spoke to theirs, and he spearheaded out of his office, a furniture replacement program and an AV upgrade.

4. Public Discussion

Note There was none.

5. Board Comments

Note Ms. Hall reminded everyone that the sole agenda item for tomorrow's meeting is deliberations.

6. Adjournment

Decision MOTION (1)

Mr. Birmingham moved to adjourn the BOF April 1st, 2024, Special Meeting at 7:32 p.m.

Mr. Maxfield seconded the motion.

Motion carried, 6-0-0.

Note Respectfully Submitted,
Brooke Stevens, Recording Secretary

Next Meeting

Meeting title: [Board of finance april 2nd, 2024, special meeting](#)
Date and time: 04/09/24 09:02 pm to: 04/09/24 10:02 pm
Location: East Lyme Town Hall, Upper Conf. Room, 108 Pennsylvania Avenue
Niantic, CT, 06357.