

BOF January 15th, 2025
Meeting Minutes

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TOWN CLERK

Minutes of Board of Finance January 15th, 2025, Regular Meeting - 01/15/25

Date and time: 01/15/25 5:30 PM to: 01/15/25 6:56 PM

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

CC: Kevin Gervais, Finance Director, Dan Cunningham, First Selectman

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

Link: <https://app.meetingking.com/meetings/422067>

Topics

1. Call Meeting to Order & Pledge

Note Chair Hall called the January 15th, 2025, Special Meeting of the Board of Finance to order at 5:30 p.m. and led them in the Pledge of Allegiance

2. Approval of Meeting Minutes

2-1. January 15th, 2025, Meeting Minutes

Note see attached minutes.

 [BOF-December-9-2024-Special-Meeting-Minutes-1.pdf](#)

Decision MOTION (1)

Mr. Maxfield moved to approve the meeting minutes of January 15th, 2025, as submitted.

Ms. Hall seconded the motion.

Motion carried, 4-0-0.

3. Delegations

Note There were none.

4. Reports

4-1. First Selectman

Note Mr. Cunningham gave his report and discussed with the Board how the town is facing budget constraints while trying to improve services, particularly in fire safety, cybersecurity, and infrastructure. They are also dealing with unexpected expenses and exploring ways to grow the town's capacity. Some of the following discussion points were highlighted:

Fire Service Expansion-

Current staffing is 4 firefighters on shift across 3 stations.

They're proposing an increase from 11 to 18 career firefighters.

The goal is to have 6 firefighters on shift (2 per station).

Recent brush fires taxed current staffing heavily.

Budget constraints may limit the ability to hire additional firefighters.

The next step is to negotiate with the Fire Union to increase staffing from 15 to 18 firefighters.

Cybersecurity and IT Improvements-

They're focusing on hardening IT systems against cyber threats.

There was a recent incident that targeted Mr. Cunningham involving a fake invoice for \$49,000, for consulting services.

Despite it be convincing, Mr. Gervais and Mr. Cunningham were able to recognize that it was fraudulent.

Investing in cybersecurity will help to maintain a good bond rating.

They will continue to allocate a budget for improving cybersecurity measures.

There was a recent sailboat rescue off Black Point.

An inexperienced sailor attempted a Florida trip in gale force winds.

Both the Fire service and Coast Guard were involved in the rescue.

A Contractor has been mobilized to salvage the boat.

This is obviously an unanticipated expense.

Note Mr. McAllister noted that he uses AI quite a bit in his work and asked about the potential of the town utilizing it to assess how we expand the fire service based on recent rainfall, or what types of cybersecurity changes need to be made.

Note Mr. Cunningham replied that he's not sure a smaller municipality is advanced enough to use AI technology. However, he did have a meeting today as the Chairman of the Water and Sewer Commission, along with the State of Connecticut, DEEP, about our use of one of the wells near Bride Brook.

If we use too much water from the well, it lowers the water level. One of the conversations they had was about managing the situation so we can still use the well without harming the fish passage when they spawn and return to the ocean. There's a study using AI to determine the optimal river level and the activity of the little fish trying to get down. It was the first time they talked about using AI practically to solve one of the town's water supply problems. They're aware of it, and there may be future opportunities where AI helps us solve other issues. That's one example, but he hasn't really thought about it concerning the fire service.

Note Ms. Hall inquired about a hiring freeze and Mr. Cunningham discussed how there is a general hiring freeze in place, except for the necessary fire service expansion.

Note Ms. Hall noted the potential for town growth is being hampered by the lack of sewer capacity, and the only way to keep from raising taxes, is to increase the grand list, while balancing that growth with the overall character if the town.

Note Mr. Cunningham said they're continuing discussions with New London about securing more sewer capacity. He has also spoken with Waterford, but he does not want to rely on either until we progress further in talks and negotiations to see what they may be able to offer. However, we are certainly aware of this matter on the Water and Sewer Commission.

4-2. Finance Director

Note Mr. Gervais presented his report.

 [BoF_Presentation - January Meeting.pptx](#)

Note Mr. Gervais highlighted some of the following:

Dispatch overtime budget strained due to staffing issues.

Down two full-time dispatchers.

Overtime budget at \$125,000 of \$170,000 allocated.

Police Chief budget nearly 100% expended due to two individuals' salaries.

Park and Rec seasonal help budget often exhausted due to extended employment periods.

Brush fires depleted the materials budget.

Spent significant amount on foam for fire suppression.

Recent brush fires cost approximately \$100,000.

Budget typically allows for four fires per shift.

Public Works facing challenges in maintaining lower positions.

Investment earnings projected to exceed \$1.2 million, potentially reaching \$1.5 million.

Conveyance taxes at 70% of budget, expected to exceed by \$125,000.

Building permits expected to exceed budget by \$100,000.

Tipping fees projected to be \$360,000, \$100,000 over budget.

Private duty administrative charges already exceeded \$100,000 budget.

Note Mr. Gervais discussed the ARPA Funds noting some of the following:

Approximately \$400,000 in unspent ARPA funds to be moved to general fund as lost revenue.

Departments had until 12/31/24 to start work or encumber funds.

Total ARPA allocation was \$5.7 million.

\$5.1 million accounted for in current report.

Note Mr. Gervais explained a new grant fund has been established to track various grants separately from the General Fund.

Examples of grants tracked:

\$75,000 nuclear safety grant.

NIPS revenue ~\$26,000 annually.

Opioid settlement money- Over \$100,000 received; Discussions ongoing with Youth Family Services to utilize funds.

NIPS money- considering use for street sweeper parts.

We charge fuel through the grant fund now as well.

Year-to-date we spent \$234,000 on fuel.

We have a coverage outstanding of \$214,000.

Note Mr. Gervais gave a financial statements and audit update:

2023 financial statement audit in progress.

Expected completion is early March (delayed from February 15th target.)

2024 audit to begin immediately after; target completion is June 30th.

Note Mr. Gervais reported that the Capital Improvement Working Group met with Public Works, Park and Rec, Police, Dispatch, Fire, and Emergency Management. They toured the Field Service Building on Capitol Drive as well as all the parks facilities and had productive conversations with all of these departments. Their next meeting is on January 21st, and they will be touring the Senior Center, and will hold their meeting after the tour is completed.

Note Mr. Gervais briefly discussed the Current proposed capital project list for 2026 totals \$26,569,500.

It includes \$17 million for the Community Center renovation/expansion. The cash capital proposed is \$2.9 million (increase from \$900,000 in previous year) and a potential mil rate impact of a ~0.75 increase.

Note Mr. Gervais discussed debt management and highlights included:

\$19 million in bond anticipation notes outstanding.

There are plans to request \$500,000 for Town Hall ADA compliance renovations.

The DOJ consent order deadline is October 2025.

The project includes counter height adjustments, bathroom renovations, elevator/lift installation and ramp compliance work.

Joe Bragaw is in negotiations with the Justice Department

The deadline is approaching, we need to show good faith efforts, that the work is in progress, the purchase orders, and contracts are nearly complete.

Note Mr. Gervais noted they've previously discussed how the Coastal Resiliency Fund and OPEB Trust are key financial initiatives.

The Coastal Resiliency Fund was funded last year, and an ordinance still needs to be drafted for the Board of Selectmen. For the OPEB Trust, it needs to be determined if the Pension Board will be responsible for it. If so, the Pension Board ordinance will need to be updated. He added that they may want to consider including an advisor for 401k and 457 plans.

Note Mr. Gervais explained the cybersecurity measures in the works noting the budget for next year includes a significant increase. Changes include switching vendors for cyber protections, increasing employee training, and updating operating systems.

5. New Business

5-1. Discussion and Possible Action - FY25 Budget Transfers

Note see attachment.

 [01-15-25_Budget_Transfers.pdf](#)

Decision MOTION (2)

Ms. McNamara moved to ratify Departmental Transfers in the amount of \$23,133.02, processed for fiscal year end June 30, 2025.

Mr. Maxfield seconded the motion.

Mr. Gervais explained that various departments are transferring phone and software expenses to the IT department for centralized management and billing. This will result in an apparent increase in the IT budget. The other expense is shuffling expenses out of the referendum line into the election line; early voting decimated that budget, so we've moved everything except for around \$9,000 to run this spring's referendum for our budget.

Vote:

Motion carried, 4-0-0.

5-2. Assessor's Office: Motor Vehicle Supplemental Tax

Note see attachment.

 [Assessor_MV_Supplemental.pdf](#)

Note Mr. Gervais shared that the town expects to collect \$684,910 in Motor Vehicle Supplemental taxes, which is higher than the budgeted \$550,000. This tax applies to vehicles purchased between October 1st and January 1st.

5-3. Review of Town Vehicles and Equipment

Note Ms. Hall noted she asked for the addition of this item, as it acts as a helpful tool for the CIP process, understanding how many vehicles we have and the like. Since we were unable to obtain the report from our insurance company, we're going to table this item for now.

Note Mr. Gervais replied that he's hoping to receive the information in a more readable excel format for the February meeting.

5-4. Subcommittee- CIP Working Group Committee

Note Ms. Hall briefly reviewed the history of the formation of this group, how it's comprised of 2 members of the Board of Finance, 2 members of the Board of Selectmen, and one member of the public, with the aim to develop a more realistic capital improvement plan in collaboration with school board members.

The CIP process and criteria includes some of the following:

A rubric for evaluating budget requests.

Efficiency and effectiveness.

Funding sources.

Remaining useful life of assets.

Alternatives.

Project readiness.

Reassessing items between CIP and operating budget.

Considering realistic timelines for projects.

Note Mr. Cunningham offered that the Committee formed to study and develop a more realistic capital improvement plan over the previous approach of rushing through capital plans at the end of budget discussions, which will provide more accurate and thoughtful numbers for capital improvements.

Note Ms. Hall agreed that it helps with strategic planning and allows for consideration of what the town can actually afford.

6. Old Business

6-1. Pension Plan

Note see attachment.

 [Updated Pension Plan Document 01-07-2025.pdf](#)

Note Mr. Gervais shared the following:

They updated the pension plan document after 24 years.

It's now available on the town website.

It incorporates the newest information and best practices.

It was discussed with the pension attorneys at Robinson & Cole.

We've switched our holdings to be more in line with the 1985/1986 pre-tax versus post-tax.

Note Mr. Gervais briefly discussed our pension performance highlighting some of the following:

Portfolio outperformed discount rate of 6.5%.

Gain for the year- \$2.6 million.

Total pension fund value- \$32.5 million.

6-2. Update on Taxation issue

Note Mr. Gervais imparted the following:

After lengthy discussions they've decided to start non-taxable portion calculations for 13 affected individuals from 1/1/2024.

The 13 individuals will have to amend their previous tax returns.

The adjustment of non-taxable amount amortization is based on 1983 mortality table.

This solution satisfies retirees without requiring extensive tax revisions.

Note Mr. Cunningham noted redoing previous tax returns would have been messy and expensive.

7. Executive Session: Police Legal Fees Review

Decision MOTION (3)

Ms. Hall moved to enter Executive Session at 6:48 p.m., for the purpose of discussing Police Legal Fees.

Mr. Maxfield seconded the motion.

Motion carried, 4-0-0.

Note Mr. Birmingham joined the meeting.

Decision MOTION (4)

Mr. Maxfield moved to exit Executive Session at 6:55 p.m. with no action taken.

Mr. Birmingham seconded the motion.

Motion carried, 5-0-0.

8. Public Comments

Note There was none.

9. Board Comments

Task Mr. Maxfield requested they get the year-to-date budget financials along with the balance sheet in their meeting packet going forward.

Owned by Kevin Gervais, Finance Director

10. Adjournment

Decision MOTION (5)

Mr. Maxfield moved to adjourn the BOF January 15th, 2024, Regular Meeting at 6:56 p.m.

Mr. Birmingham seconded the motion.

Motion carried, 5-0-0.

Note Respectfully Submitted,
Brooke Stevens, Recording Secretary

Task Summary

New Tasks

Task Mr. Maxfield requested they get the year-to-date budget financials along with the balance sheet in their meeting packet going forward.

Owned by Kevin Gervais, Finance Director