

BOF February 12th, 2025 Meeting Minutes

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Minutes of Board of Finance February 12th, 2025, Regular Meeting - 02/12/25

Date and time: 02/12/25 5:30 PM to: 02/12/25 6:54 PM

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

CC: Kevin Gervais, Finance Director, Dan Cunningham, First Selectman, Diane Vitagliano, Assessor, Alex Klose, Deputy Director of Public Works

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

Topics


1. Call Meeting to Order & Pledge

Note Chair Hall called the February 12th, 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 meeting minutes.

 [Minutes-of-Board-of-Finance-January-15th-2025-Regular-Meeting-01_15_25.pdf](#)

Decision MOTION (1)

Mr. Maxfield moved to approve the Meeting Minutes of January 15th, 2025, as submitted.

Mr. Birmingham seconded the motion.

Motion carried, 4-0-0.

3. Delegations

Note There were none.

4. Additions to the Agenda

Decision MOTION (2)

Ms. Hall moved to amend the Reports section of this evening's Agenda to insert a report from the Assessor, Diane Vitagliano to hear her Grand List presentation.

Mr. Maxfield seconded the motion.

Motion carried, 4-0-0.

5. Reports

5-1. Assessor

Note see attachment.

 [C - Assessor - 2024 Grand List Reports.pdf](#)

Note Ms. Vitagliano came forward and shared some of the following:

The Grand List for the year is \$2.8 billion, showing a slight increase of 0.029% from the previous year. Real estate values increased by 0.69%, personal property by 8.37%, while motor vehicles decreased by 11.57%.

New veterans' legislation resulted in \$5 million assessed value being removed from the Grand List. The law's language is still being corrected, with potential additions like including land in the exemption. Several new construction projects, including apartments on North Bridebrook Road, condos on Boston Post Road, continued development of residential houses at the Orchards, helped offset the negative impact of the veterans' exemption.

Personal property increases were aided by construction equipment along I-95, two gas stations that replaced tanks, and utility company investments- Connecticut Light and Power had \$3.7 million in new equipment.

The decrease in motor vehicles is a significant drop but less than feared however, the associated changes will result in streamlined pricing and increased transparency.

5-2. First Selectman

Note Mr. Gervais and Mr. Cunningham presented the proposed FY2026 budget, highlighting a 7.8million increase to 98.5 million. They discussed revenue sources, major expense drivers, and the impact on taxpayers. Key factors include increased demands for services, health insurance costs, and software expenses.

Note Mr. Cunningham detailed their budget philosophy and process, highlighting the following:

Focus on needs over wants.

Balancing increased service demands with budget control.

Efficiency measures.

Department Head Meetings- Reviewing of proposed budgets & Identifying areas for reduction.

Strategic Planning- Capital Improvement Plan, Strategic Planning Committee, & Field trips to assess infrastructure needs.

Key Achievements in the process

1. Firefighters Contract Renegotiation-

*Implemented 24-48 schedule & mutual concessions such as comp time adjustments.

*Improved ability to attract firefighters from other municipalities.

2. East Lyme Ambulance Fund Agreement-

*Increased independence from town.

*EMTs now hired directly by Ambulance Fund.

*Allows firefighters to focus on core responsibilities.

Adjustments to the budget are expected before the final submission to Board of Finance.

Note Mr. Gervais shared the following in regard to the budget:

1. Overview-

Current year budget ~\$90.6 million.

Proposed budget ~98.5million (7.8 million increase.)

Town increase ~\$2.8 million.

Board of Education increase ~\$4.2 million.

Debt service increase ~\$0.5 million.

Cash capital increase ~\$0.5 million.

2. Revenue Changes-

Tax Revenue

*Majority of \$8 million increase coming from taxes, interest and fees.

Other Revenue Sources-

*Reducing other financing sources (transfers, bond proceeds.)

*East Lyme Ambulance subsidy for firefighters reduced.

3. Departmental Revenue-

Building permits

*Proposing fee increase of 2 per 1000 built.

Intergovernmental-

*\$300,000 increase in tuition from Salem projected.

*\$300,000 potential reduction in education cost sharing from state (may be restored.)

*\$40,000 in youth grants for Youth Services Bureau.

Investment Earnings-

*Holding flat at \$1.2 million, may be attainable depending on interest rates.

4. Expense Increases-

*General government up 18%.

*11% increase in health insurance costs.

*Addition of 1.5 firefighter positions.

Department-Specific Increases-

*General government and benefits (40% of increase)- East Lyme Fire Service & Police Department.

5. Operational Cost Increases-

*Electrical costs up 30% (may decrease in April.)

*Health insurance budgeted at 11% increase.

*Pension contribution significantly higher than previous year.

*Software costs increasing across departments.

6. Impact on Taxpayers-

*Proposed mill rate increase is 2.92 mills; a \$500,000 house assessed at \$350,000 has a current tax of \$9,200, and a proposed future tax of \$10,245 resulting in an increase of \$85 per month, or \$20 per week.

7. Budget Allocation -

*The Board of Education is 65% of the budget (a 53% increase.)

*Town operations are 26% of the budget (a 35% increase.)

*Debt service is 7% of the budget (a 6% increase.)

*Cash capital is 2% of the budget (a 6% increase.)

8. Notable Changes and Initiatives-

*The Fire Department is adding a 12th firefighter to complete three crews; there is a long-term plan to reach 18 firefighters by fiscal year 2029.

*The Police Department is budgeting \$140,000 for holiday pay, previously paid from other accounts.

*Implementing ADP software in finance department (\$55,000/year) for improved efficiency.

*Addressing previously unbudgeted expenses to avoid future surprises.

 [A1 - BoF Presentation - February Meeting.pdf](#)

Note Mr. Gervais further detailed the following:

The General fund driving 53% of budget increase.

Cash capital is increasing.

Debt service remains steady between 6-8%.

For the Capital Improvement Plan (CIP), Departments submitted \$26.7 million in capital projects.

The CIP is recommending \$7.1 million package for review.

~\$5 million bonded.

~\$2 million paid in cash.

~\$1.5 million from general fund, some from private duty for police, some from LOCIP.

In terms of Public Works there's a large discrepancy between their request (18million) and recommendation (1 million) due to the Community Center project being proposed as a separate referendum.

Upcoming bond projects include-

1. The ADA compliance renovation mandated by Department of Justice.

*It's a \$500,000 bond resolution coming in March.

*The deadline for completion is October 2025.

2. The Aqua Center Roof Project.

*The original \$1 million estimate increased due to structural issues.

*The funding plan is \$900,000 from the East Lyme Community Center leftover funds and \$500,000 to be determined (possibly from school project leftovers.)

5-3. Finance Director

Note Mr. Gervais moved on to his Finance Report and imparted the following:

Tax collections are up 80 basis points year over year, so there is consideration to increase the budget collection rate from 98.2% to reduce the mill rate impact.

The 2023 audit is expected to be filed by the end of March/beginning of April.

They're meeting with the Municipal Finance Advisory Council next Wednesday.

There are two scenarios for the Fund Balance Projection.

*Worst-case- using \$1 million fund balance in FY25.

*More realistic- not using fund balance in FY25.

Projections show fund balance potentially dropping below target (17.6%) in future years.

Note Mr. Gervais and the Board discussed a budget comparison with neighboring municipalities:

Current Year (FY24) Breakdown

*Board of Education- 66.25% (down from 67% last year)

*Town Operations- 25.25% (up from 25% last year)

*Debt Service- 7.5% (up from 7% last year)

*Cash Capital- 1% (up from 0.5% last year)

Peer Averages

*Board of Education- Just under 60%

*Town Operations- 31%

*Debt Service- 6%

*Cash Capital- 3.5%

This translates into higher than average on Board of Education spending, lower than average on Town Operations and Cash Capital, and higher than average on Debt Service.

Tax Burden Comparison

*Clinton and the town have similar tax burdens per citizen (~\$4,800)

Cash Capital Projections

*Current budget shows \$900,000 for cash capital and to reach peer average of 3.4%, would need \$3.1 million. Other municipalities are increasing cash capital (Stonington: \$7 million, Madison \$5 million)

Task The Board asked Mr. Gervais if he could add Montville to the chart as well, for future comparison.

Owned by Kevin Gervais, Finance Director

Note Mr. Gervais and the Board briefly discussed the Coastal Resiliency Fund has been funded and how the next step is to draft an ordinance. In addition, the OPEB Trust has been funded enough to be established, but we will need to continue to fund the OPEB contribution, since that is a multi-million-dollar liability that we have, that's not funded. Mr. Gervais noted this number has been dropping as people retire or pass away, and Ms. Hall clarified that we have been paying as we go.

6. New Business

6-1. Discussion and Possible Action - Park and Rec - Spec App \$14,500 NIP Bottle Fund - Purchase of Trash Containers

Note see attachment.

 [12Feb2025 - TO BOF - Agenda Item 2b - PandR NIP Fund trash container request.docx](#)

Note MOTION (3)

Mr. Steel moved to approve a special appropriation of \$14,500 from NIP funds to purchase 15 trash containers and liners for downtown Niantic; Note, this requires a Town Meeting.

Mr. Maxfield seconded the motion.

Note Mr. Gervais explained that Jerry Lokken has been working with Sue Kumro from the Niantic Main Street Group on this project for around a year and that the containers are more sanitary and have a matching design for consistency.

Note Mr. Maxfield asked about the necessity of a Town Meeting for this item and Mr. Gervais explained that since the purchase of the trash bags for the containers are an ongoing expense, they're required to do so.

Note Ms. Hall added that there is some discussion at the State Legislature to outlaw NIPs altogether. Mr. Gervais noted that the NIP fund generates \$25,000 – \$26,000 annually for the town, which equates to approximately 250,000 nips purchased in town.

Note Mr. Cunningham mentioned that these new trash can receptacles, having a cover, do not collect water, making it much easier for the public works employees. They contain a plastic bag inside that can be easily removed, reducing labor slightly. This represents a step in the right direction.

Decision MOTION (3) Vote:
Motion carried, 4-0-0.

6-2. Discussion and Possible Action - Public Works - Spec App \$38,230.63 NIP Bottle Fund - Cleaning of Catch Basins

Note see attachment.

 [12Feb20256 - TO BOF - Agenda Item 2a - PW nip fund request - 2-3-25.docx](#)

Note MOTION (4)

Mr. Steel moved to approve a special appropriation for the Public Works Department of \$38,230.63 from the NIP funds for cleaning town catch basins; Note, this will require a town meeting.

Mr. Maxfield seconded the motion.

Note Alex Klose, Deputy Director of Public Works came forward and explained some of the following:
Our town roads have 2,526 catch basins.
His goal is to clean half of the town's catch basins each year.
680 basins have been cleaned in the northeast part of town this year.
All this comes out of our operating expenses for our road.
It's very selective what NIP money can be used for.
When NIPs don't end up in the trash, it ends up on the side of road, and in the catch basins.
One of the things we can use this money for is cleaning out these catch basins.
We utilize the Central Region- COGS low bid, which is currently \$29 per catch basin, which is a very reasonable rate.
If we allocate the remaining funds, not being used for garbage cans, towards cleaning out the catch basins, we will have more money in our operating road accounts.
This additional money can be used for other necessary road work.
Given the limited scope and specific use of these funds, we believe this is a good way to extend our road budget for the year.

Note Ms. Hall inquired about other items that end up in the catch basins, creating additional work.
Mr. Klose said the following:
Trash is one of those items.
Most of the material in the catch basins is sediment bonded with various pollutants from vehicles. This occurrence is a natural consequence of having paved roads and vehicles.
The catch basins are deep in the ground with drainage pipes leading out.
There is a space between the lowest pipe and the bottom of the basin where debris settles over time, which is then cleaned out.
This debris is expected, which is why street sweeping programs are in place to try to prevent it from ending up in the basins.
Some debris inevitably bonds with suspended solids and enters the basin.
Trash can be easily managed if people do not litter and dispose of it properly in garbage bins. Trash often ends up along the roadside.
Ideally, only sand and sediment would be removed from these basins, but unfortunately, all kinds of unpleasant material are pulled out.
The basins are functioning as intended by trapping debris and preventing it from entering waterways.
Regular maintenance is necessary to ensure they do not become full and discharge into the waterways.

Note Mr. Steel inquired about the ongoing expense that necessitates this matter to be addressed at a town meeting, and Mr. Gervais explained that it would impact the budget. This essentially subsidizes the general fund to some extent. Since we are already addressing one item at a town meeting for legal purposes, we are including the other item as well. This action saves money in the budget. However, next year we will have to incur that cost because this fund will be depleted. Next year we will receive another \$13,000, but we will not be able to spend the \$38,000. Therefore, if we are already addressing one item at the town meeting, we should include the other item as well.

Decision MOTION (4) Vote:
Motion carried, 4-0-0.

6-3. Review of Town Vehicles and Equipment

Note see attachment.

 [G - Town of East Lyme - Vehicle Fleet 5 Year Review.pdf](#)

Note The Board reviewed the growth of the town's vehicle fleet from 139 vehicles in 2020 to 164 in 2024-25. They discussed the need to compare this growth with employee numbers and town population changes, as well as considering alternatives.

Note Notable vehicle increases include the following:
Police Department- 27 to 35 vehicles.
Public Works- 38 to 49 vehicles (mainly trucks.)

Note The Board noted the following:
The total cost of ownership needs to be determined (insurance, repairs, fuel.)
They need to fully examine leasing vs. ownership options.
They need to explore possibility of employee-owned vehicles with mileage reimbursement.
The town has stopped leasing most vehicles (except some police vehicles.)
Employee-owned vehicle use would require increased insurance coverage.

Note Mr. Cunningham raised concerns about public perception of unmarked vehicles and the preference for using clearly marked town vehicles with logos.
Ms. Hall said the CIP Committee has been discussing establishing a shared vehicle pool instead of individual usage and Mr. Cunningham said he views this as a viable consideration.

Note Mr. Gervais stated that this is merely a graph illustrating the annual increase in number of vehicles for each department. He will provide a report in March with a comparison of employees by department as well as population, and we will then assess the situation.

7. Old Business

7-1. Pension Plan

Note see attachment.

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

Note Mr. Gervais provided an update on resolving taxation issues for retired firefighters and police officers in the pension plan. Progress has been made for 13 individuals, with work continuing on four more complex cases involving annuities from various providers.

Note Mr. Gervais highlighted the following:
The Pension Board meets quarterly.
In terms of the taxation issue resolution, they're working with actuary and pension attorney to resolve the issues.
They're using a simplified method for calculating pension payments based on IRS guidelines.
They're restating 1099s for 2024, for the affected individuals.
There are four individuals with annuities from various providers (Hartford, Empower, Mass Mutual)
They date back to 2003-2005.
They plan to recreate contribution numbers using available data and contract information.
They will also work with annuity providers to restate 1099s for 2024 and fix issues going forward.

7-2. Subcommittees- CIP Working Group Committee

Note Ms. Hall noted she also Chairs the CIP Committee and reported on their recent meeting where they reviewed and reached consensus on all requests. The next steps are to finalize the 5 and 10-year plans and present them to the Board of Selectmen for consideration, followed by the Board of Finance. She added that they're considering a separate referendum for the Community Center project, since it houses the Library, Senior Center, and Youth Center, it's significant town-wide impact justifies a separate vote.

Note Mr. Steel briefly detailed his recent visit to the Colchester Senior Center and what an amazing facility it is.

8. Public Comments

Note There was none.

9. Board Comments

Note Mr. Steel expressed his appreciation for the intensity and energy with which Mr. Gervais and Mr. Cunningham have identified problems and sought solutions. He also values the advance notice regarding the budget, despite its current state of flux, as it has not yet been presented to the Board of Selectmen. This will aid in their deliberations as they proceed.

Note Mr. Cunningham responded that he may have set the tone to some extent, but the person who truly delves into and resolves these matters is Mr. Gervais, and none of this would be possible without him. They have a commendable team, but he deeply appreciates Mr. Gervais's insights.

Note Ms. Hall noted that the Board of Education met last night, so they will see how that pans out. Mr. Gervais added that the BOE did provide their most recent figures, and they are projecting to be \$50,000 under budget.

10. Adjournment

Decision MOTION (5)

Mr. Birmingham moved to adjourn the BOF February 12th, 2025, Regular Meeting at 6:54 p.m.

Mr. Maxfield seconded the motion.

Motion carried, 4-0-0.

Note Respectfully Submitted,
Brooke Stevens, Recording Secretary

Task Summary

New Tasks

Task The Board asked Mr. Gervais if he could add Montville to the chart as well, for future comparison.

Owned by Kevin Gervais, Finance Director