

BOF March 31st, 2025
Special Meeting Minutes

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Minutes of Board of Finance March 31st, 2025, Special Meeting - 03/31/25

Date and time: 03/31/25 5:30 PM to: 03/31/25 7:55 PM

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

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

Topics

1. Call Meeting to Order & Pledge

Note Chair Hall called the March 31st, 2025, Special Meeting of the Board of Finance to order at 5:30 p.m. and led those assembled in the Pledge of Allegiance. She noted that Mr. Steel is on his way and instructed them to proceed.

2. Delegations

Note There was none.

3. Additions to the Agenda

Note There were none.

4. New Business- Budget Reviews

Note see attachment.

 [Ytd Budget Report as of 03-15-2025.xlsx](#)

4-1. General Government

Note Mr. Gervais reviewed the following:

1. FICA/Medicare-

*Cut from \$1,066,000 to \$1,000,000 for the upcoming budget.

*This covers the town's 7.65% employer share.

*Budget tightening required reducing this line, though he isn't entirely sure how the \$1M figure was determined.

*The town is currently on track to spend about \$949,000-950,000 this year, which is under the current budget of \$978,000; A hiring and spending freeze over the last couple of months led to savings.

*Future adjustment (along with health/dental) should be reviewed last, as changes in staffing levels (adding or cutting positions) directly impact the required FICA/Medicare contribution.

Note 2. Workers' Compensation-

*Town contract is with CIRMA.

*A flat 3% increase; budgeted precisely for the expected cost, no extra buffer.

Note 3. Pension-

*Total Line Item: \$1,001,683 (within the General Government section).

*Made up of contributions for different employee groups using different retirement plan types.

a. Defined Contribution (DC)-

*All non-union employees (Department Heads, Supervisors) and almost all Firefighters (except one who is grandfathered in).

*Town contributes a percentage of salary (7% for years 0-5, 8% for 5-10, 9% for >10). Total town cost for this group is ~\$350,000.

*Town's financial obligation is fixed and known each year.

b. Defined Benefit (DB - Pension)-

*All Police Officers, some Board of Education employees, and one grandfathered in Firefighter.

*The town's contribution can fluctuate based on market performance; a poor market return requires higher town contributions to ensure the plan remains funded.

Note Mr. Gervais reminded the Board about the Library- their portion of the pension cost is increasing from \$32,000 to around \$53,000.

Unlike last year, the pension cost is not included within the library's own departmental budget request this year; to understand the true total cost associated with the library, one needs to add this \$53,000 pension amount to their requested budget figures.

Note Mr. McAllister inquired whether the opposite regarding the previous statement is true- if the market has a good year, does the town's required pension contribution decrease?

Note Mr. Gervais replied that it does, but the impact (whether from gains or losses) isn't felt all at once in a single budget year. It's amortized- it's spread out evenly over 10 years.

Note Mr. Gervais noted that the overall required pension contribution is increasing significantly:

*Last Year it was expected to be around~\$450,000 but actually came in closer to \$790,000-\$800,000.

*This year it's increasing further, to 1 million.

*Next year it's expected to increase again to ~\$1.15 - \$1.2 Million.

*After next year's increase, the contribution is expected to level off or stabilize around the \$1.2M mark.

Note Ms. Hall discussed how as people retire, the pension plan starts paying out benefits to them, which increases the plan's cash needs but if employees work longer than expected, it could temporarily lessen the immediate need for contributions. She emphasized that the town has a consistent history of contributing the full amount determined by the actuary.

Note Mr. Gervais shared that the Pension Board meets quarterly, these meetings are very informative, and the next meeting is scheduled for May 17th at 3:00 p.m.

Note Mr. Gervais highlighted some of the following:

*The retirement liability line is under pressure.

Payouts for retirees (unused sick time, vacation time, comp time) can be substantial and unpredictable, with potential payouts ranging from \$25,000 to \$50,000 or even \$100,000.

*There's a \$180,000 personnel contingency fund that hasn't been used yet.

This fund is intended to cover these unexpected retirement payouts.

*There's difficulty in budgeting for retirement payouts due to the policy allowing employees to accrue significant vacation time, especially those at higher steps in their pay scale (potentially rolling over up to 10 weeks of vacation).

*The recent fire department contract eliminated comp time, which was identified as a source of potential overtime cost increases.

*The \$180,000 personnel contingency for the current fiscal year will likely be used for other expenses like electricity and firefighter/dispatcher overtime, not for the retirement liability shortfall in the proposed FY25 budget.

*The unfunded liability for compensated absences (sick and vacation time) is significant, estimated at \$3.9 million previously and currently around \$1.29 million on the town side after accounting for union contracts.

*The proposed budget only funds a small percentage of this long-term liability.

Note Mr. Gervais briefly reviewed legal and legal related expenses:

*The \$1,000 budgeted for legal transcripts was a placeholder.

A current zoning case has already required over \$5,000 in transcriptions due to court requirements, with each meeting transcript costing over \$1,000.

Note *The town spent approximately \$32,500 on general legal expenses last year.

The goal is to reduce this to \$22,500 in the current year and \$25,000 in the upcoming year.

Note *He pointed out that a single legal advertisement for the Board of Finance budget costs over \$1,000.

*Planning and Zoning have monthly public hearings requiring advertisements that cost around \$600 each. Efforts are being made to minimize the character count to reduce costs.

Note *The addition of the Fair Rent Commission is putting pressure on the general government legal line, currently running higher than the \$10,000 monthly target.

Resolution of some cases is hoped to bring this down.

Note *Zoning legal expenses are unpredictable and can vary significantly from year to year, potentially ranging from \$10,000 to \$100,000.

*The current projection for the upcoming year is around \$70,000, indicating a significant over-budget situation for the current year.

Note *The town has multiple attorneys.

*In some cases, the town needs to hire external attorneys for specific matters where the town attorney cannot provide an opinion, which increases costs.

Note *There are two labor attorney accounts, one for general town labor (UPSU, general government) and one for Public Safety labor. Both are for the same attorney.

Note *The town labor line is proposed to increase significantly (100%, from \$12,000 to \$24,000) due to upcoming contract negotiations with Dispatch and Fire, and ongoing negotiations with UPSEU. This increase represents a rise from \$1,000 to \$2,000 per month, which could cover a few phone calls or initial negotiation work.

Note *The Public Safety legal line is proposed to increase from \$12,000 to \$36,000 due to legal challenges in that area.

Note *Combined, the town is budgeting \$5,000 per month for the labor attorney and related services.

4-2. Services to Community

Note see attachment.

 [Services to the Community PDF - Complete Package-compressed.pdf](#)

Note Mr. Gervais highlighted the following:

*The funding amount was over \$40,000 the previous year.

At that time the BOF had a discussion about the appropriateness of taxing residents for charitable contributions.

*Concerns arose about potential duplication of services with the creation of the town's Youth and Family Services Department in May.

As a result, the BOF decided to reduce the funding from over \$40,000 to \$20,000 and asked the Board of Selectmen to review the allocations more closely.

There was a need for a clear policy defining-

1. Who the town should be donating to.
2. The parameters for these donations.
3. The goal was to move away from an ad-hoc approach of simply granting funds to any non-profit in town.

*A policy regarding these donations was adopted by the Board on the same night they deliberated on the funding amount.

He will email a copy of the policy to the Board members.

Note <https://eltownhall.com/wp-content/uploads/2025/03/1054199-Services-to-Community-FY2026-BOS-Approved.pdf>

Note <https://eltownhall.com/wp-content/uploads/2025/03/1054199-Services-to-Community-FY2026-BOS-Approved-Part-2.pdf>

Note Mr. Cunningham detailed how the Board of Selectmen deliberated and tried to find a fair way to divide the limited funds among the applicants. The general approach they took was to give each requesting entity a percentage of the amount they had originally asked for.

However, there were certain entities that the Board felt deserved more funding than a simple percentage would provide such as the homeless shelter, who received \$5,000 in funding. The Board took what was left of the \$20,000 budget and then distributed it to the other entities based on a percentage of their original requests.

Note Mr. Cunningham further reviewed the decision process completed by the Board of Selectmen.

Note Mr. Steel inquired if more than the just the website was utilized to let the public know about the application process. Mr. Cunningham said the town used its website to announce the availability of community service funding to non-profit organizations since this was a cost-saving measure compared to publishing it in a newspaper. Additionally, it was assumed that the relevant organizations were generally aware of this ongoing process by word of mouth.

Note Mr. Steel pointed out that there are likely non-profit organizations that did not receive funding because they were unaware of the application process and may not have visited the town's website where the information was posted. Mr. Cunningham replied that there's a limit to what the town can do to provide notice, and the website serves as the primary resource for obtaining information.

Note Mr. Steel inquired about the funding given to Niantic Main Street and Mr. Cunningham detailed how the business Community benefits from their efforts, therefore everyone benefits from their efforts.

4-3. Contingency

Note Mr. Gervais reported some of the following:

*There was a previous mistake where \$180,000 was incorrectly placed in the Personnel Contingency instead of being zeroed out after a retirement liability adjustment.

*He clarified that this was an accounting error between accounts and doesn't represent an overall budget overage.

Negotiations are underway with the UPSEU union, the town's largest, representing over 60 employees across various departments (Admin, Highway, Parks & Rec, Water & Sewer).

*There's significant pressure due to neighboring towns aggressively recruiting Public Works employees with higher wages (e.g., Salem offering \$30/hour compared to our \$24.11 starting wage).

*This wage disparity needs to be considered during the contract negotiations.

Note Mr. Gervais reviewed the Coastal Resiliency Fund:

This is a new fund established last year with \$22,500.

The town needs to finalize an ordinance to formally move the funds into this account.

There's a proposal to increase the fund to \$25,000 for the upcoming year.

The current funding level is insufficient for major projects.

Note *Research into shoreline towns like Branford and Guilford reveals they are investing millions in similar funds due to the significant costs associated with coastal issues (e.g., a \$450,000 seawall repair).

Note *They could potentially shift some contingency funds into coastal resiliency, depending on the town's financial performance throughout the year.

Note Mr. Gervais discussed the OPEB (Other Post Employment Benefits) Trust, which refers to benefits, primarily medical, provided to certain retirees. He emphasized that rating agencies also look at the funding of OPB liabilities.

Note Mr. Gervais said that the current year's contingency is \$250,000, and there's a proposal to increase it to \$300,000 to align with the growing overall budget (aiming for approximately 0.5% of the total budget).

Note Mr. Steel raised the issue of the Open Space Fund, noting that it was largely depleted last year. He said like the Coastal Resiliency Fund and Services to the Community, it's a very small percentage of the budget and when properties do become available, they need to make sure we're in a position to be able to acquire them.

Note Ms. Hall stressed the need for a thoughtful policy that considers both the benefits of open space and the impact on the grand list.

Note Mr. Cunningham and the Board discussed focusing on expanding sewer capacity as a means of eventually growing the grand list.

4-4. Finance

Note Mr. Gervais reviewed the Finance Department and highlighted the following:

*Finance Director- 60% of his salary is covered by Finance while 40% is covered by Water & Sewer.

*Deputy Finance Director- Finance covers 100% of his salary.

*There are three Accounting Clerks- Payroll, Accounts Payable, and Accounts Receivable.

*An Accountant Clerk assists with month-end/year-end reconciliations (tax, bank, other).

Note *Efforts are underway to cut back on overtime through efficiency improvements and new software implementation. Further savings are anticipated with the full implementation of ADP.

*The town is in the process of implementing Munis, a new accounting system.

Currently live for General Billing, Accounts Receivable, and Accounts Payable.

*Payroll will migrate to ADP by July 1st.

Utility Billing will also move to Munis by July 1st.

*Significant (76%) increase in the Accounting Software line due to paying for three systems simultaneously.

1. MCSJ (old legacy system)- Required for data migration and record retention (state law). *Contract expires end of January.

2. Munis (new system).

3. NovaTime (sunsetting- time and attendance system).

ADP (payroll system, coming online).

*Anticipated savings in future budgets by dropping NovaTime (approx. \$28,000) and eventually MCSJ (additional \$20-28,000).

Note *Fixed Assets software was added.

The town's previous fixed asset database (from 1995) crashed, and data was unrecoverable.

The Finance Office is currently in the process of recreating the town's fixed asset listing.

A prior period adjustment will be made to financials to account for discrepancies.

Note Salary Increases-

*Non-affiliated employees (Treasurer, Finance Director, Deputy Director) are receiving a 2.75% salary increase.

*The 0.43% increase on line 19 (admin staff under UPSEU) is a placeholder.

The actual wage increase for this group is subject to ongoing union contract negotiations; funds for their eventual raise are held in the contingency budget.

Note Other Budget Items-

*Professional conferences are budgeted for the Finance Director and Deputy Director, including GFOA membership.

*The transportation allowance has been removed from the budget.

*Miscellaneous Supplies covers checks, W2s, and general office supplies.

There's a push to move towards electronic payments (wiring money) for efficiency, despite some concerns about security.

4-5. Board of Finance

Note Mr. Gervais reviewed the Board of Finance expenses which primarily consists of audit services:

*The town is currently undergoing the 2023 audit, with a meeting scheduled with auditors to finalize it and submit it for technical review.

*Last year, \$113,000 was spent on audits as the town is playing catch-up.

In the previous year, the town finalized the 2021 audit, pushed through the 2022 audit, and began work on the 2023 audit.

*The goal is to complete the 2023 audit within the month and move on to the 2024 audit.

Note *The town is currently paying for more than one audit per year to get back on schedule.

*It's anticipated that the town will be back to paying for only one audit year annually by early 2026.

*The proposed budget for the audit is \$100,000, with the Board of Education paying an additional \$15,000 for the EFS report (mandated filing with the state).

Note *Water & Sewer are believed to pay approximately \$10,000 towards the audit costs.

*The \$104,000 spent last year on audits acted as a cushion for any out-of-scope work.

*He anticipates another year with audit service costs potentially exceeding \$100,000.

*The town will need to RFP for Auditors in the 2026 budget year.

The current auditor contract is in place through 2025.

There's a requirement to name the auditor for the current fiscal year within 60 days of its start (by the end of April).

Note *The Recording Secretary fee is budgeted at \$500 for these meetings; last year's expense was higher.

4-6. Parks and Recreation

Note Jerry Lokken, Director of Parks & Recreation, came forward to discuss his budget.

 [1054503-Parks-and-Recreation-FY2026-BOS-Approved.pdf](#)

Note Mr. Lokken outlined his department's role and discussed with the Board their funding structure (including their self-generated revenue), the need for a Parks Maintainer to address understaffing, the impact of budget cuts, key capital projects such as the McCook's Seawall, park restrooms, field renovations, vehicle replacements, long-term project plans, as well as their reliance on volunteers and shared services with Public Works.

Note Some of the following was highlighted in their discussion:

Parks & Rec contributes to the quality of life and focuses on health, conservation, community, and inclusivity.

They are an essential service, not just nice to have.

Note 1. General Fund, Operations- funds full-time staff and park operations (approx. 55% of the budget).

2. Capital Projects & Vehicles- approximately one-fifth of the budget.

3. Self-Generated Revenue, Programs & Fees- around 40% of the budget.

*Used to operate the beach, community programs, concerts, events, summer camp, etc., at no cost to taxpayers.

The main proposed change is swapping a retiring Secretary position for a Parks Maintainer position.

Note 4. Parks Operation- understaffed and struggling to maintain numerous town properties (parks, beaches, open spaces, historical sites, Town Hall, community center, public safety building, etc.).

Note 5. Personnel Changes- replacing a full-time retiring Secretary with a part-time Office Position to assist during peak seasons.

Note 6. Budget Cuts- the Board of Selectmen has already cut \$887,000 from the Parks & Rec budget.

Note 7. Capital Projects-

*McCook Seawall Repair: Engineering and permitting in the current year, with a projected \$400,000+ construction cost in the following year.

*Peretz Park field renovations- addressing unsafe field conditions.

*Peretz Park restroom replacement- design funded this year, with construction funding requested next year.

A state bonding application has been submitted for this project.

Note *Park Improvement Program- funds for ongoing maintenance and replacements (picnic tables, grills, fences, roofs, playground equipment, etc.).

*Vehicle Replacements- requesting replacements for an aging pickup truck, infield groomer, chemical sprayer, and landscape trailer.

No new vehicles are being added to the town fleet; a 10-year projection of equipment replacement needs is in place.

Note *Darrow Pond Master Plan Implementation- utilizing a State Rec Trails Grant for initial trail improvements, with future grant applications and potential fundraising for other amenities.

*Systematic replacement of park vehicles and playscapes (e.g., McCook's Point playground).

Note 8. Dog Park- a community group is actively fundraising for this project, with minimal expected impact on taxpayers.

Note 9. Seasonal Personnel-

*A significant portion of the requested increase in seasonal personnel funding was cut by the Board of Selectmen.

A part-time payroll clerk position is included in the reduced budget.

Note 10. Volunteer Opportunities-

They utilize volunteers extensively (York Correctional work crews, Pollinator Pathways, youth sports organizations, beach cleanups, etc.).

*While more volunteers are welcome, some tasks require specialized equipment and staff.

Note 11. Shared Services with Public Works-

Public Works assists with higher-level maintenance and repairs of Parks & Rec equipment at the Field Services building, while Parks staff handles most routine maintenance.

4-7. Youth Family Services

Note Sarah Firmin, Director of Youth & Family Services, came forward to present her budget.

 [1054418-YFHS-FY2026-Operating-Budget-Request.pdf](#)

Note Ms. Firmin noted the following:

The Wellness and Prevention Coordinator is currently part-time (28 hours/week).

*They'd like to make the position full-time starting in January 2026.

Full-time status would allow for more prevention initiatives, educational programs, and community engagement.

*Grant funds (opioid settlement, cannabis prevention, NIP) could offset the cost of making the position full-time.

Note The previous full-time Social Worker (37.5 hours/week) resigned. The position is being moved from the Senior Center to Youth and Family Services (reallocation of funds). The position's hours were going to remain at 37.5 hours per week even if the previous worker had not resigned.

Note The Wellness and Prevention Coordinator's Programs enhance quality of life for community members of all ages, and focus on substance abuse prevention, mental health support, parent/guardian education, and positive youth and family engagement.

*New initiatives this year: peer-to-peer mentoring, youth enrichment art classes, community discussion on mental health.

There are plans to offer additional programs with grant funding.

Note The Social Services Provided by the Social Worker serves as a link between aiding agencies and residents in need, assists residents in accessing services directly through the Department or indirectly through referrals, provides assistance with applications for state, federal, and private programs, and offers advocacy, information, referrals, and support services to adults, families, elderly, and disabled residents.

Note Some of their key programs include-

1. Energy Assistance

* 129 clients assisted, with expenditures over \$71,000.

*The town does not provide these funds; the Social Worker assists residents in applying for State programs.

2. Renters Rebate

* 194 senior (65+) and disabled residents assisted.

*The town does not provide these funds; the Social Worker assists residents in applying for State programs.

3. Casework

*13 social services cases involving assistance with housing, fuel, food, clothing, and financial support.

*68 cases involving seniors needing similar assistance.

*24 Protective Service referrals for the elderly (from community members, Ledge Light, or police).

Note Capital Project Requests-

1. Shed

*Current storage closet is shared with Parks & Recreation; Youth & Family Services needs dedicated storage for recreational supplies.

* They're proposing a 10x14 shed to be shared with Parks & Rec.

*Cost is approximately \$8,500.

* The Lifespan is estimated to be 25 years.

2. Office Space

*With the Social Worker moving to the Department, there is no dedicated office space.

*They'd like to convert the current shared storage closet into an office.

*Maintenance Supervisor, Ron Bence, and his team would complete the project.

3. 10-Year Projection

*Youth Center Renovations which would include reconfiguring the kitchen area, adding new flooring, lights, counters, and cabinets.

Possibly increasing office space.

*Increased Counseling Services- hire additional therapists to address the waitlist for individuals, families, and couples.

*Enhanced Marketing- create a more user-friendly website and implement bulk email/mail campaigns to solicit donations and promote programs.

The goal is to raise funds to expand services and programs.

Note Mr. Gervais provided an update on the anticipated revenue from the 3% local cannabis tax. The initial estimate was \$60,000 in sales, translating to about \$1,800 in monthly revenue. There's optimism that this figure could rise to \$3,000-\$4,000 per month as the business matures.

4-8. Capital Projects

Note Mr. Gervais provided a review of capital projects within general government:

- *5310 Grant for Senior Center Bus; Federal government funds 80%, town funds 20% (approx. \$32,000).
- *Tax Collector Security; proposed security enhancements for the tax collector's office.
- *Planning and Zoning Vehicles- eliminated, with a push towards a pool car system.
- *Engineering CAD Software & Equipment- moved to the operating budget.
- *Assessor Vehicle- eliminated; a used police vehicle will be provided instead.
- *Assessment Revaluation- \$75,000 is one of five payments towards the town-wide revaluation (total cost over \$350,000).
- *Office Furniture Replacement Program- targeting the tax office and planning office, with potential for ergonomic chairs.
- *Land Use Map Digitization Project- previously approved \$10,000, remains unspent. The plan is to purchase a high-resolution scanner to digitize paper records, avoiding the high cost of outsourcing the project.
- *Brookside Farm Building Improvements- budget reduced from \$50,000 to \$25,000. Funds are for urgent repairs to the barn, not the previously proposed renovation into a community space.

Note State Funding Requests-

- *The town has submitted three project requests to the state for bonding funds-
- 1. East Lyme Community Center Renovation and Expansion (\$17 million request.)
- 2. Peretz Park Renovation (bathroom and expansion.)
- 3. Town-wide Radio System Upgrade (\$1 million request to replace aging infrastructure.)
- *There is uncertainty about the likelihood of receiving State funding.

Note Mr. Gervais also provided a review of revenue projections and the use of the fund balance.

- *Expenditures are projected to be very close to the budgeted amount.
- *Revenue projections are slightly lower, leading to a reliance on the \$1 million use of fund balance.
- * He expressed concern about potential fluctuations in interest income and building permit revenue.

4-9. Debt Service

Note Mr. Gervais summarized the total debt service payments:

- *Approximately \$2.7 million in interest.
- *Approximately \$4.5 million in principle.

Task The Board requested an overview of debt service payments, including payments to various bondholders. Mr. Gervais said he would supply this documentation.

Owned by Kevin Gervais, Finance Director

5. Public Discussion

Note There was none.

6. Board Comments

Note There was none.

7. Adjournment

Decision MOTION (1)

Mr. Maxfield moved to adjourn the BOF March 31st, 2025, Special Meeting at 7:55 p.m.

Mr. Steel seconded the motion.

Motion carried, 6-0-0.

Note Respectfully Submitted,

Brooke Stevens, Recording Secretary

Task Summary

New Tasks

Task The Board requested an overview of debt service payments, including payments to various bondholders. Mr. Gervais said he would supply this documentation.

Owned by Kevin Gervais, Finance Director