

# Minutes of Board of Finance April 28th, 2025, Special Meeting - 04/28/25

**Date and time:** 04/28/25 10:39 PM to: 04/28/25 11:45 PM

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

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

**Location:** East Lyme Town High School, INTV Room, 30 Chesterfield Road  
East Lyme, CT, 06333.

## Topics

### 1. Call Meeting to Order & Pledge

**Note** Chair Hall called the April 28th, 2025, Special Meeting of the Board of Finance to order at 10:39 p.m.

**Note** Ms. Hall noted that the Pledge of Allegiance was observed prior to the Public Hearing.

### 2. Deliberations and Action to Send Proposed FY 2025/26 Budget to Town Meeting on May 22nd, 2025

**Note** see attachment.

 [A-Board-of-Finance-Approved-Operating-Budget-Summary-04-09-2025.pdf](#)

**Note** Ms. Hall acknowledged the sentiment that East Lyme has a great school system, commending those involved. However, she emphasized the difficult task ahead in creating a fiscally responsible budget. She noted the strong support for the schools present at the meeting but also mentioned receiving emails from individuals concerned about the tax burden.

**Note** Ms. Hall recognized the overwhelming nature of the situation and opened the floor for comments from fellow Board members.

**Note** Dr. McCallister expressed being inspired by the comments from the education community and found their reasons for budget restoration compelling. While acknowledging the potential impact of tax increases on residents without children in schools, he also recognized the community benefit of a strong educational system. Dr. McCallister stated his inclination to find a compromise and welcomed input from other Board members.

**Note** Mr. Steel said he was moved by the public comments, recalling the movie "Mr. Holland's Opus" about the loss of a beloved music program. While acknowledging difficult times preventing full budget restoration, he believed some funding should be reinstated, referencing a prior suggestion of \$750,000 and last year's \$650,000 reduction as potential middle grounds to avoid devastating impacts.

**Note** He emphasized the need for more transparent and consistent communication between the town and schools throughout the year to address data discrepancies. Mr. Steel stressed that the town is one community, and schools are a vital part of it, hoping for a budget reduction similar to last year's if it avoids significant harm to staff and programs, contingent on improved communication.

**Note** Ms. McNamara stated her disagreement with the significant budget cut to the Board of Education, believing it will negatively impact the quality of education, which she sees as central to East Lyme's identity. While open to compromise, she is firmly against a large cut.

**Note** Mr. Birmingham clarified that the Board of Finance is not directly cutting Staff or Teachers. Instead, they are reducing the Board of Education's requested budget increase. The responsibility of deciding where to make cuts, including potential Staff reductions, lies with the Board of Education and the Superintendent, not the Board of Finance.

**Note** Mr. Birmingham highlighted the demographic disparity in town, noting that while about 25% of residents have children in the school system, over 40% are over 50 and many are retired. He pointed out that the speakers primarily represented the 25%, while he also wants to advocate for the concerns of the remaining 75%, particularly retirees on fixed incomes worried about potential tax increases. He noted that even with a reduced budget, taxes could significantly rise, posing financial hardship for many who struggle with basic expenses.

**Note** While acknowledging the difficulty of the \$1.2 million budget reduction and the Board's detailed review of town expenses, Mr. Birmingham stated he is currently undecided and will likely take direction from other Board Members' perspectives on a realistic budget figure.

**Note** Mr. Maxfield stated he heard many compelling arguments and is inclined to find a compromise to restore some funding. He hopes the Board of Education can find other ways to save money to retain critical staff, mentioning potential savings from public benefit charges or other unforeseen opportunities. He acknowledged the validity of the points made during the meeting.

**Note** Reflecting on the comments, Ms. Hall shared her family's experience of moving to a town with a better school system, emphasizing the profound impact teachers have on students' lives, illustrated by anecdotes about her teacher father.

**Note** Acknowledging the difficulty of balancing the needs of the schools with the financial concerns of residents, particularly those on fixed incomes, Ms. Hall highlighted potential future tax burdens due to property reassessments and limitations on growing the grand list due to water and sewer capacity. She also clarified that the town budget increases included necessary investments in IT and public safety and that debt service cannot be cut. She expressed a desire to find a compromise.

**Note** Dr. McCallister expressed pride in the Board's diligent work on the town budget, emphasizing the many hours spent reviewing it in detail. Although those present at the meeting may not have witnessed the line-by-line process, he conveyed confidence and a sense of integrity in the approved town budget figures.

**Note** MOTION (1)

Dr. McCallister moved to restore \$675,000 to the Board of Education budget, the initial \$1.5 million cut is now \$1.35 million, and he proposed restoring half of the initial amount.

Mr. Steel seconded the motion.

**Note** Mr. Gervais clarified that restoring \$675,000 would result in an \$825,000 cut to the Board of Education's budget, including a \$150,000 health insurance reduction. This would increase the mill rate by 1.79 to 28.14, a 6.8% rise. He also noted that 8.5 positions were reduced in the town's budget, in contrast to the addition of a full-time Firefighter from about ten requests.

**Note** Mr. Steel inquired if the town's position requests were for new or existing roles. Mr. Gervais responded that they included a new administrator, a part-time maintainer (half funded), a fourth IT person (cut), five additional Firemen (reduced to one), a full-time Senior Center Case Manager, two additional Police Officers (cut), filling a Public Works Engineer position, and eliminating a 23rd Public Works employee.

**Note** Ms. Hall addressed the perception that the town wasn't sharing in budget cuts. She stated they diligently reduced every Department's budget, except where only salaries or contractual obligations existed. She personally asked Department Heads (the Acting Police Chief, Public Works, the Fire Marshal) to identify potential reductions.

**Note** Ms. Hall asked Superintendent Newton to clarify potential job losses in the school system. Superintendent Newton explained that the situation is fluid due to factors like resignations and retirements. Currently, they anticipate that 3-4 certified staff positions might be eliminated. For non-certified staff, specifically mentioning an elementary library position, they would try to find alternative roles within the district. He also noted they reduced 8.5 positions which is not the same as job losses.

**Note** Ms. Hall asked Superintendent Newton to clarify the potential impact of the budget cuts on clubs, sports, and classes, as many speakers suggested widespread program elimination.

**Note** Superintendent Newton explained that with the current \$1.35 million reduction, some programs would be affected. He gave an example of a high school English teacher, the only one qualified to teach an Early College Experience (ECE) course, potentially being moved to the middle school, which would eliminate that college credit course.

He emphasized that the situation is fluid, and specific impacts are hard to predict due to potential staff changes. Restoring funds would allow them to minimize the impact on courses and staffing. He confirmed that, as of now, the ECE course would likely be impacted.

**Note** Dr. McCallister supported a suggestion from the audience to visit schools to gain firsthand understanding from students, teachers, and staff. He also proposed reciprocal visits, where school representatives could see the town departments facing cuts.

**Note** Ms. Hall expressed appreciation for the High School tour, which highlighted needs in areas like the auditorium and gym. She mentioned a resident's idea of upgrading the auditorium to potentially generate revenue as a rental event facility.

**Note** Ms. Hall inquired about the impact of reducing cash capital. Mr. Gervais responded that reducing cash capital by \$324,000 and moving it to debt would lower the cash capital to \$998,851 and decrease the mill rate to 28.02, a 1.67 mill or 6.34% increase.

**Decision** MOTION (1) Vote:

Motion carried, 4-2-0.

Yay- Mr. Steel, Mr. Maxfield, Ms. McNamara and Dr. McCallister.

Nay- Mr. Birmingham and Ms. Hall.

**Note** Mr. Birmingham said he'd like to move to reduce the proposed \$1.5 million cut to the Board of Education's budget by \$500,000, resulting in a \$1 million reduction. He stated this would equate to approximately a 5% increase in the overall budget, aiming to keep the increase around that figure instead of the proposed \$4 million plus.

**Note** Mr. Gervais clarified that Mr. Birmingham's potential motion to reduce the \$1.5 million cut by \$500,000 would result in a \$1 million total cut to the Board of Education's budget. He then noted that this \$500,000 reduction, combined with Dr. McCallister's earlier motion to restore \$675,000, would mean a net restoration of \$500,000 to the initially proposed cut.

**Note** MOTION (2)

Mr. Birmingham moved to reduce the proposed \$1.5 million cut to the Board of Education's budget by \$500,000.

Ms. Hall seconded the motion.

**Note** Ms. Hall and Mr. Cunningham discussed how the question is whether anyone who had voted to restore \$675,000 would be willing to increase the reduction by another \$175,000. This would effectively decrease the previously proposed restoration of \$675,000 to \$500,000, meaning \$175,000 of the restored amount would be removed.

**Decision** MOTION (2) Vote:

Motion failed, 2-4-0.

Yay- Ms. Hall and Mr. Birmingham.

Nay- Mr. Steel, Mr. Maxfield, Ms. McNamara and Dr. McCallister.

**Note** Mr. Gervais reported receiving updated state grant figures that would increase their funding by \$50,000. Specifically, the PILOT grant was initially budgeted at \$749,591, but the state committee approved an increase of \$48,996, bringing the new total to \$798,587. He noted that despite this increase, they are still \$3 million short.

**Decision** MOTION (3)

Ms. Hall moved to adjust the revenue projection for the PILOT grant, increasing it from \$749,591 to the updated figure of \$798,587.

Mr. Birmingham seconded the motion.

Motion carried, 6-0-0.

**Note** Mr. Gervais also provided an update on the Town Aid Road grant, explaining that while the state approved additional funding statewide, East Lyme's portion is an extra \$105,390. He clarified that this amount is a wash, requiring an equal increase in both revenue and expenditures, and will result in the town receiving just under \$5,000 from the state.

**Decision** MOTION (4)

Ms. Hall moved to adjust the Tar Grant by \$105,390.

Mr. Maxfield seconded the motion.

Motion carried, 6-0-0.

**Note** MOTION (5)

Ms. Hall moved to reduce the Cash Capital by \$324,000.

Dr. McCallister seconded the motion.

**Note** Mr. Steel expressed his support for the current motion, noting that he had previously raised this issue at an earlier Board of Finance meeting and is pleased it is being discussed again.

**Note** Dr. McCallister inquired if anyone could speak to the impact on their bond rating.

**Note** Mr. Gervais stated that while the town's current debt level hasn't alarmed S&P during rating calls, their concern lies in bonding for everyday expenses. He noted that the \$7 million in bonding this year is for roads and vehicles, but major school renovations will significantly increase debt service. He believes the issue isn't just the current \$324,000 but a broader need for discipline in capital projects to prevent snowballing debt.

**Note** Ms. Hall stated that rating agencies are more concerned about the town's long-standing issue of not producing audits on time (currently 13 years). Mr. Gervais added that while the town will pay off \$4.5 million in principle this year and add \$6.8 million in debt, they will continue to add \$2 million in debt service annually for the next decade.

**Note** Ms. Hall noted that the Finance Department was understaffed for a long time, which Mr. Gervais has worked hard to rectify. Comparing East Lyme's debt to other Connecticut towns, she indicated their capital debt is higher than about 75% of them. She argued that reducing cash capital by \$324,000 wouldn't help their debt situation, even though cash capital is still projected to increase by 10% year-over-year, and every bit of funding helps.

**Decision** MOTION (5) Vote:  
Motion carried, 6-0-0.

**Note** MOTION (6)  
Mr. Steel moved to use \$350,000 of the Fund Balance in the budget.  
There was no second, motion failed.

**Note** Mr. Steel questioned the use of "maintain" versus "strive" regarding the Fund Balance target of 17%. Ms. Hall clarified that the investment policy aimed for 17% to avoid constant minor adjustments in each budget. Using a percentage allows for natural fluctuations with overall budget changes without triggering immediate action at slight deviations (e.g., 17.25% or 16.9%).

**Note** Mr. Steel recalled bringing up the topic of Niantic Main Street's receipt of ARPA funding and the intended goals for its use in the Flanders section of town during earlier budget meetings. He noted that Mr. Gervais was supposed to obtain a response from Niantic Main Street regarding this but that he doesn't believe the Board ever received that information.

**Note** MOTION (7)  
Mr. Steel moved to remove the \$2,500 allocation to Niantic Main Street due to their lack of action regarding Flanders.  
Ms. Hall seconded the motion.

**Note** Mr. Gervais clarified that the amount is actually \$2,250.

**Note** MOTION (8)  
Mr. Steel amended his previous motion and moved to remove the \$2,250 allocation to Niantic Main Street due to their lack of action regarding Flanders.  
Ms. Hall amended his second.

**Note** Ms. Hall questioned Mr. Cunningham about Niantic Main Street's other funding sources besides the town donation for street funding, but he didn't know. Dr. McCallister said that Niantic Main Street focuses on beautifying the Niantic and organizing events, and they seem to have a lack of complete information. Ms. Hall said the fact that ARPA funding was tied to Flanders work that wasn't done, is an issue the Board of Selectman can address and rectify.

**Decision** MOTION (8) Vote:

Motion failed, 1-5-0.

Yay- Mr. Steel.

Nay- Mr. Birmingham, Mr. Maxfield, Ms. Hall, Ms. McNamara and Dr. McCallister.

**Note** Mr. Birmingham inquired about the final budget figure and Mr. Gervais replied that it's \$96,657,786, which represents a \$6,644,792 increase, leading to a 1.66 mill rate increase and a new mill rate of 28.01, a 6.3% rise. He added that collected taxes are projected to increase by 7.9%, but this is offset by about 1.6% due to grand list growth and an increased collection rate. The projected collection rate is 99%, providing a small cushion of around \$5 million.

**Decision** MOTION (9)

Mr. Steel moved to adopt the budget according to the figures Mr. Gervais just presented, which would set the mill rate at 28.01, representing a 1.66% increase.

Mr. Birmingham seconded the motion.

Motion carried, 6-0-0.

**Note** Ms. Hall noted they will be forwarding this to the meeting on May 22nd, 2025.

### 3. Discussion and Possible Action on Capital Improvement Plan

**Note** Mr. Gervais stated the total capital projects amount remained \$7,529,000, with a shift between Cash Capital and Debt. The bonded amount is \$6,824,000.

**Decision** MOTION (10)

Ms. Hall moved to approve the Capital Plan as outlined.

Mr. Maxfield seconded the motion.

Motion carried, 6-0-0.

**Note** MOTION (11)

Mr. Maxfield moved to approve the ten-year Capital Improvement Plan, of \$109,137,065, as detailed in their documents for the period spanning 2026 to 2035.

Mr. Maxfield seconded the motion.

**Note** Dr. McCallister noted a significant increase in the ten-year capital improvement plan around 2028.

**Note** Ms. Hall explained this is related to the Senior Center, library, and Youth Center project. She noted that while \$19 million was initially considered for Public Works this year for this project, it was decided it needed to go to referendum. There is also a possibility of State funding and including it in the CIP demonstrates the town's seriousness to the State; if State funding doesn't materialize, its inclusion in the CIP will be revisited.

**Note** Mr. Gervais clarified that they are seeking State funding to potentially cover the entire project with State bond money, which would be a significant saving. The \$109 million figure represents a list of capital projects, not necessarily the total bonding required, as some projects, like the sidewalk construction, will be largely state funded but still need to be listed for planning purposes.

**Decision** MOTION (11) Vote:

Motion carried, 6-0-0.

### 4. Board Comments

**Note** Mr. Steel expressed his belief in the Board's cohesive approach, appreciating their outreach to Department Heads for budget cut suggestions. He acknowledged the painful but necessary nature of the process and commended the Board's efficiency.

He specifically thanked Ms. Hall for her significant and often unseen work as Chair, as well as for leading the meeting. He also thanked all the educators, students, and families who spoke, particularly highlighting the impressive advocacy of the young students.

**Note** Dr. McCallister echoed Mr. Steel's sentiments, stating he was moved by the arguments from the education community. He acknowledged Superintendent Newton's role in advocating for their proposed budget and commended his civil and educational approach in rallying support, despite a few sharp comments during the meeting. He thanked the Superintendent for his management and expressed his appreciation to everyone for their work.

**Note** Ms. Hall acknowledged the difficulty of accommodating budget cuts. She stated that the Board worked hard to mitigate the impact while valuing the students' and parents' desires. She thanked her fellow Board Members, Mr. Gervais, Mr. Cunningham, Superintendent Newton, and Maryanna Stevens for their hard work and efforts.

## 5. Adjournment

**Decision** MOTION (12)

Mr. Steel moved to adjourn the April 28th, 2025, BOF Special Meeting at 11:45 p.m.

Mr. Birmingham seconded the motion.

Motion carried, 6-0-0.

**Note** Respectfully Submitted,  
Brooke Stevens, Recording Secretary