

Board of Finance  
February 11<sup>th</sup>, 2026, Meeting Minutes

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*Wendy M. ...*  
TOWN CLERK

# Minutes of Board of Finance February 11th, 2026, Regular Meeting - 02/11/26

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**Date and time:** 02/11/26 05:30 pm to: 02/11/26 07:07 pm

**Present:** Brooke Stevens, Rec Secretary (\* Ms. Stevens was not in attendance), Richard Steel, Scott McCallister, Sandra Bullock, Kim Kalajainen, Absent:, Lauren McNamara, Barry Sheckley

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

**Location:** East Lyme Town Hall, Upper Conf. Room & Via Zoom

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## Topics

### 1. Call Meeting to Order & Pledge

**Note** Chair McCallister called the February 11th, 2026, Regular Meeting of the Board of Finance to order at 5:30 p.m. and led those assembled in the Pledge of Allegiance and did roll call; a quorum was present.

### 2. Public Delegations

**Note** There was none.

### 3. Approval of Meeting Minutes

#### 3-1. Meeting Minutes of January 14th, 2026

**Note** see attached minutes.

 [Minutes of Board of Finance January 14th 2026 Regular Meeting 01\\_14\\_26.pdf](#)

**Decision** MOTION (1)

Ms. Bullock moved to approve the Meeting Minutes of January 14th, 2026, as submitted.

Mr. Steel seconded the motion.

Motion carried, 4-0-0.

### 4. Reports- First Selectman

**Note** First Selectman Cunningham provided an update on several matters affecting the Town:

\*A small fire occurred in the server room at the Public Safety Building the previous evening.

\*Communications were temporarily lost.

\*The Town's IT staff responded promptly and worked to reestablish communications.

\*The Fire Department also responded quickly, minimizing potential damage.

\*There were no injuries reported.

\*The root cause of the incident will require further review.

\*He thanked IT staff members Dan Cleary and Jason Finnegan, as well as the Fire Department, for their quick and effective response.

**Note** \*A recent Radio Committee meeting was held, and work continues toward integrating East Lyme's system with the State of Connecticut system.

\*The goal is to improve interoperability between police, fire, and neighboring municipalities, including the ability to transition between VHF and the State band as needed.

\*Progress is being made, though full implementation is still forthcoming.

**Note** Mr. Cunningham presented the proposed FY 2026–2027 budget initiatives. A hard copy was distributed, and the presentation was displayed on screen.

 [3891\\_001.pdf](#)

**Note** Prior-year initiatives were reviewed, including:

\*Proposed hiring of additional firefighters to reach a goal of 18 total firefighters (six per shift across three stations).

\*Increased use of cash capital to reduce reliance on bonding.

\*Emphasis on maintaining existing buildings, vehicles, and infrastructure rather than expanding amenities.

\*The Town's long-term goal is to increase cash capital funding to approximately \$2 million annually to reduce debt service obligations.

\*Mr. Gervais clarified that capital funds are earmarked for specific projects and that the Town maintains a general operating contingency line for unforeseen expenses.

**Note** Ms. Kalajainen discussed the concept of a potential capital contingency fund for unplanned capital emergencies.

**Note** Mr. Cunningham outlined several proposed initiatives:

#### **4-1. Fire Department Staffing**

**Note** \*The proposal is to hire three firefighters effective July 1st, 2026, and hire three additional firefighters effective January 1st, 2027.

\*This would bring total staffing to 18 firefighters (six per shift), allowing full staffing of three stations and reducing reliance on overtime.

**Note** Mr. Cunningham discussed current staffing levels are (12 firefighters), overtime costs driven by military leave and workers' compensation absences, National Fire Protection Association (NFPA) standards, and the implications of staffing three stations.

**Note** It was explained that overtime costs are higher than expected because there aren't enough staff and some employees have been out for long periods. Hiring more staff won't completely stop overtime, but it would lower it and help provide better service coverage.

**Note** The goal is to build up cash savings (cash capital) and rely less on borrowing money. Ideally, the town would set aside \$2-4 million each year, but that will take time and steady progress.

In the past, keeping budget increases low sometimes meant postponing expenses and taking on more debt-basically "using a credit card" to cover costs. That's part of why debt payments are such a big part of the budget today.

The idea now is to stop pushing costs into the future, accept some financial strain in the short term, and gradually reduce debt so that 10-12 years from now the town is in much stronger financial shape.

**Note** Ms. Kalajainen asked whether having three fire stations is actually required by regulations (like NFPA guidelines) or if it's just something the town has always done. She questioned whether the town could operate with fewer buildings but more firefighters per station, especially from a financial standpoint.

**Note** Mr. Cunningham explained that the three stations developed over time as the town grew. Different areas—north, south, and west, have increasing needs, including residential areas, senior housing, York Correctional Institution, and Rocky Neck State Park. Having three fully staffed stations improves response times, which is critical in emergencies, and helps protect important infrastructure like the Police Station.

**Note** Ms. Kalajainen clarified that the Board must ask tough financial questions. She emphasized the need for data such as fire call numbers, response times, and comparisons to similar towns to make informed budget decisions and ensure stations are in the right locations.

**Note** Mr. Gervais pointed to a 2017 fire study the town commissioned, which includes about 25 recommendations that are still largely unfinished. The town is now using that report to guide decisions, including reviewing station locations and conducting a fire response analysis.

The main issue is response time. While driving between stations may be quick, reaching distant neighborhoods (like shoreline areas) takes longer. That concern supports keeping three fully staffed stations to ensure fast emergency response.

## 4-2. Police Department Staffing

**Note** \*The proposal is to add one police officer effective July 1st, 2026, and add one police officer effective January 1st, 2027 (1.5 officers during the fiscal year).

**Note** Mr. Cunningham further discusses the current staff shortage, one officer being out on medical leave, how East Lyme's staffing compares to towns of a similar size, and the need for coverage. He also confirmed that officers working private construction jobs (like the Exit 74 project) are paid separately and do not take away from the number of officers on regular duty.

## 4-3. IT Infrastructure

**Note** Mr. Cunningham emphasized the importance of strengthening the Town's IT infrastructure to protect against cybersecurity threats and ransomware attacks affecting municipalities nationwide.

**Note** Investments in upgraded hardware and software were described as proactive risk mitigation measures.

## 4-4. Questions & Discussion

**Note** Dr. McCallister wanted to know how staff would be split between the different stations, whether each station would still have the minimum number of people it needs to operate safely, and how the department would make sure everything keeps running smoothly.

**Note** Mr. Cunningham said the staffing plan is built to make sure every district has enough people for emergencies while still following the rules and standards they have to meet. He said they decide where to place staff by looking at things like how fast crews can respond, how many calls each area gets, and what's needed to keep everyone safe. The goal is to spread staff out in a balanced way, not load them all into one station.

**Note** Mr. Gervais added that the budget is based on the staff they currently have and what the organization needs to run. If they ever want to permanently move people around, they'd have to double-check the finances first to make sure the budget can support it.

**Note** Dr. McCallister questioned when new hires would begin, how long onboarding would take, and when the Town would realize full staffing levels.

**Note** Mr. Cunningham said the hiring process depends on things like finding applicants, completing background checks, getting medical approvals, and fitting people into academy classes. He noted that it usually takes a few months from the job offer to having someone fully ready to work. The Town expects new hires to start at different times so staffing stays steady.

**Note** Mr. Gervais said the salary budget already factors in the fact that new hires won't all start at the same time. The budget includes expected start dates and adjusts salaries so it only counts the portion of the year each new employee will actually be working.

**Note** It was asked if the Town would dip into its emergency funds to cover unexpected fire-service expenses, such as overtime or costs that come up if hiring takes longer than planned. Mr. Cunningham explained that contingency funds are meant for unexpected, one-time costs, not regular operating expenses. Fire-department overruns might qualify in rare cases, but day-to-day costs are supposed to stay within the department's normal budget.

**Note** Mr. Gervais stressed that contingency money isn't meant to pay for ongoing staffing costs. If regular, repeating expenses end up being higher than what the budget allows, the Town would need to formally adjust the budget or move funds around and that can only happen with Board approval.

**Note** It was also asked whether private-duty work could raise pension costs, especially if it boosts the overtime earnings that get counted when calculating someone's pension.

**Note** Mr. Cunningham said private-duty jobs are paid by outside companies, not the Town, but he also noted that depending on how the contract defines pension-eligible earnings, that extra pay could still affect someone's pension calculation.

**Note** Mr. Gervais added that pension costs are set by the union contract and by rules used by pension experts. If overtime or certain extra jobs count toward pension pay, they can increase pension costs over time. He also said that pension experts already look at past pay trends when figuring out future pension costs.

**Note** Mr. Cunningham said public safety is the top priority and that the staffing plan is built to meet the required response-time standards. He also said the current staffing model meets all safety and regulatory rules.

**Note** Mr. Gervais added that the Town has to balance strong emergency services with long-term financial stability. Staffing choices are reviewed from both an operational and financial angle to make sure the Town can maintain reliable emergency response without creating budget problems down the road.

## 4-5. Operations

**Note** Mr. Gervais reported that the town budget is going up a lot - about 8.7% overall, with the town side alone up about 14%, for some of the following reasons:

\*Health insurance is increasing about 15%, costing about \$1 million more, partly because of 6 new firefighters and 2 new police officers.

\*The Board of Education budget is up \$4.3 million.

\*Debt payments are up about \$500,000.

\*Employee benefits make up a big chunk of the increase.

**Note** \*The big concern is debt.

\*\$82.5 million in bonds.

\*\$30 million in bond anticipation notes (basically like using a credit card- paying interest but not the principal yet.)

\*Each year the town pays off about \$4.9 million in principal but it's borrowing about \$6 million more.

\*That means debt keeps growing by about \$1 million per year.

\*The goal is to stop "putting things on the credit card."

**Note** \*Other cost pressures include rising IT costs- (computers that were \$700 are now \$1,800).

\*Pension payments are increasing (though the pension is in good shape at 92% funded).

\*Inflation is affecting everything.

\*Because other revenues aren't increasing much, almost the entire \$8.4 million budget increase falls on taxpayers.

**Note** Mr. Steel asked if the town could save money on IT by using cheaper devices (like Chromebooks or basic workbooks connected to the cloud) instead of full laptops and buying refurbished computers instead of new ones.

**Note** Mr. Gervais noted the Board of Education already uses Chromebooks for younger students. Switching to simpler devices might be possible, but it depends on the town's needs and refurbished computers could be an option. He added that these are good questions for the IT director, especially since computers are currently expensive and hard to get.

**Note** Ms. Kalajainen asked about the town's pension funding. The pension is currently 92% funded, which is considered very strong. She asked if there's a required minimum level (such as 80%) the town has to meet.

**Note** Mr. Gervais replied that each year an actuary calculates how much the town must contribute (this year about \$1.85 million). The town funds 100% of the required annual contribution, but the overall funding level (92%) changes based on market performance.

**Task**  Ms. Kalajainen's main point is that since 92% is high compared to many organizations, could the town reduce how much it contributes to free up cash for other needs? Mr. Gervais acknowledged that it as a fair question and he will find out and report back.

*Owned by Kevin Gervais, Finance Director*

**Note** Mr. Gervais reported that the town's Grand List grew by 1.3%, which is good news. That growth helped soften the tax increase a little but even though tax collections are rising 10.7%, the mill rate is rising 9.5%, because property values increased.

**Note** What this means for a homeowner:

\*If you own a \$500,000 home (assessed at \$350,000), you currently pay about \$9,800 in taxes.

\*Under the proposed budget, you'd pay about \$10,700.

\*That's about a \$900 increase, or \$78 more per month.

\*That's before any possible cuts by the Board of Selectmen or Board of Finance.

**Note** Mr. Gervais mentioned that the Capital Projects Subcommittee reviewed project requests and made cuts. Some projects will be paid with cash capital, some are funded through bonds, and some use grant money. The town is moving away from leasing equipment and instead trying to pay cash to avoid paying interest.

**Note** Mr. Gervais shared that All budget documents are available on the town website and if anyone has questions, they can email him.

**Note** Dr. McCallister noted that the 9.5% mill rate increase is quite large and suggested ways to make it more reasonable for taxpayers:

\*For town operations, reduce spending by about \$700,000-800,000.

\*For the Board of Education, ask for a reduction of about \$1.5 million.

\*If both cuts happen the mill rate increase would drop from 9.5% to 6.75% and the mill rate would go from 30.67 to 29.9, making taxes easier to handle for residents.

**Note** see attachment.

 [FY2026-27 Proposed Budget Timeline.pdf](#)

**Note** The Board decided to move up the Town assessor's presentation on the Grand List, so she doesn't have to wait until later in the agenda.

**Decision** MOTION (3)

Mr. Steel moved to move up the town assessor's presentation on the Grand List to the next agenda item.

Ms. Kalajainen seconded the motion.

Motion carried, 4-0-0.

## 5. New Business

**Note** see attachment.

 [Assessor Grand List - 2025 as of 01-28-2026.pdf](#)

### 5-1. 2025 Grand List Update

**Note** The Town Assessor, Ms. Vitagliano, gave an update on the Grand List:

\*Overall growth is a 1.13% increase which is a positive outcome.

\*Real estate increased 0.75%, despite a \$9 million loss from a new veterans' exemption.

\*Growth was helped by new construction, including Edgewater on North Bridebrook and the Twin Valley subdivision.

**Note** \*Personal property increased 2.2%, even with a \$1 million loss from changes to how solar fields are taxed.

\*Gains came from new equipment at I-95 construction, Best Western Hotel, and Twin Valley Subdivision.

**Note** \*Motor vehicles had the largest increase at 5.5% but is only 7.3% of the Grand List.

\*Legislative changes last year reduced taxable vehicles and trailers became exempt.

**Note** Ms. Vitagliano thanked the Board for moving up her presentation.

## 6. Reports Finance Director

### 6-1. FY25/26 Budget vs. Actual Reports

**Note** Mr. Gervais noted he sent the reports out last night and some revenue accounts were color-coded for clarity. Revenues are looking strong so far and the town is on track to meet or exceed expected income.

**Note** see attachment.

 [02-10-2026 BvA - Revenues.xlsx](#)

**Note** see attachment.

 [02-10-2026 BvA - Expenditures.xlsx](#)

**Note** Expenditures are under pressure because unexpected costs keep coming up. The following examples were highlighted:

\*Snowstorms far exceeded the budgeted amount, causing a salt shortage.

\*Firefighter overtime could go \$500,000 over, but some savings come from part-time staff and firefighters on military leave.

\*The Contingency fund is only \$200,000, but unexpected events like a boat washing ashore or dock damage have cost tens of thousands before.

\*The Police Station fire put \$1 million of equipment at risk.

\*Best practice would be 1–5% of the budget for contingencies (\$1–5 million), but that’s not realistic. Currently, they budgeted about 0.5% (\$375,000) as a starting point.

\*The goal is to become more resilient to cover these unexpected costs without huge surprises.

## 6-2. Tax Collector Report

**Note** \*Tax collections are currently at about 92% as of January 29th.

\*Compared to last year (91.69%), collections are slightly higher -a very small difference.

\*Most taxpayers pay in January and July, so collections slow now as staff follow up with late payers.

\*If taxes aren’t paid after notices, accounts go to collections, and after 18 months, unpaid taxes can go to a tax sale.

\*The Tax Collector’s office is doing a good job, and a shout-out was given to Chris Dixon.

**Note** see attachment.

 [January 2026 Tax Collector Report.pdf](#)

## 6-3. FY2024 Financial Statement Audit Update

**Note** Mr. Gervais has upcoming calls with the auditors and Municipal Finance Advisory Council (MFAC). the audit filing is expected late March or sometime in April.

## 6-4. Fund Balance Projection

**Note** Mr. Gervais shared that there are no changes from last month and there is nothing new to report.

**Note** Mr. Steel asked if the \$1 million budgeted to go into the fund balance has been used yet.

**Note** Mr. Gervais replied that the town budgeted \$1 million to add to the fund balance, but we won’t know the exact amount used until year-end. So far, things are looking good- interest earnings are already \$1 million and could exceed \$1.5 million, which helps reduce the need to use the fund balance.

Tax collections are strong (96%), most revenue accounts are on track, and fees, property sales, building permits, and landfill deposits are all trending well. Some fees are still coming in but should catch up soon.

## 6-5. Debt Service Projection

**Note** Mr. Gervais explained that the town has about \$30 million in short-term borrowing (bond anticipation notes) that eventually needs to be turned into long-term bonds, which means paying off principal, not just interest. Current projections show upcoming bonding of \$6–15million per year. If managed carefully, the town can reduce its overall debt over the next few years and avoid adding more debt than it pays off. The goal is to stop piling on more debt than we pay off and borrow money carefully so future budgets don't get stuck paying too much interest and loan money.

**Note** Mr. Gervais and the Board discussed the some of the following:

\*Debt & Bonding- The Treasurer and First Selectman decide how to borrow money, while the Boards approve the total budget.

\*The town aims to avoid a “debt spiral” by borrowing strategically and focusing on needs vs. wants.

\*Large capital projects- like fire stations, school renovations, or a community center must fit what the town can realistically afford.

\*Careful planning helps keep debt payments steady over time, similar to other towns with low debt and higher cash reserves.

\*Capital Projects & CIP Committee- Capital projects need more attention than in past rushed meetings.

\*The CIP Committee, with members from the Board, Selectmen, and Board of Ed, carefully reviews and prioritizes projects.

\*Requests for major projects over the next 5-10 years must be balanced with what the town can afford.

\*Union wage increases and health insurance costs will add millions to future budgets, making it critical to reduce expenses in FY2027.

\*A 5-year financial model is being built to guide budgeting and track progress against projections.

\*The town has a current hiring and discretionary spending freeze to save money.

\*Open positions- including Payroll, Tax Collector Aide, Grounds Crew, Town Engineer, and one Police Officer are being held vacant for now.

\*This freeze helps reduce immediate budget pressure.

\*These measures, along with the 5-year financial model, provide benchmarks for comparing actual spending to budgets and tracking progress toward long-term fiscal responsibility.

## 7. New Business Continued

### 7-1. Discussion and Possible Action – Bond Authorization - \$6,000,000 –Colony Road Bridge

**Note** see attachment.

 [East Lyme Resol\\_ 6M Colony Rd Bridge - FLBP Project \(2025\).doc](#)

**Note** Mr. Gervais explained the following:

\*The Colony Road Bridge project costs about \$6 million, but federal and state governments will fully fund it.

\*The town must administer the project, overseen by the Town Engineer/Deputy Public Works Director and the Public Works Director.

\*Even though the town isn't paying, a bond authorization resolution is required for the full amount, similar to how school projects are authorized before reimbursement.

\*Another bridge project, Fair Haven Road, will follow a similar process.

\*The program ensures bridges are safe and resilient while the town handles administration.

\*A motion to authorize the bond sale is needed, even though there's no actual cost to the town.

**Decision** MOTION (3)

Ms. Kalajainen moved that the Resolution entitled "Resolution appropriating 6 million for the planning, design, acquisition, construction, and replacement of the Colony Road Bridge over Latimer Brook, Bridge #05623, a federal local bridge program project and related infrastructure and authorizing issuance of \$6 million in bonds of the town to meet said appropriation and pending the issuance thereof the making of temporary borrowings for such purpose." A copy of which is attached here too is hereby adopted and recommended for approval by the legal voters of the town at a Special Town Meeting.

Ms. Bullock seconded the motion.

Motion carried, 4-0-0.

## 7-2. Discussion and Possible Action - \$12,267 – Use of NIP Funds

**Note** see attachment.

 [3886\\_001.pdf](#)

**Note** Mr. Gervais discussed the use of NIP Funds (\$12,267):

- \*The town receives about \$12,000 every six months from a state fee on miniature alcohol bottles ("NIPs").
- \*These bottles often end up littering streets and waterways, so the funds are used to clean catch basins to prevent pollution from reaching Long Island Sound.
- \*A contractor with specialized vacuum trucks cleans the basins at \$25 per unit.
- \* The current plan is to clean half of the town's catch basins each year, so every two years they are fully cleaned.
- \*Authorization is needed to spend the \$12,267 on this springtime cleanup.

**Decision** MOTION (4)

Mr. Steel moved to approve a special appropriation for the Public Works Department of \$12,267 from the NIP funds for cleaning town catch basins. Note, this motion will require town meeting approval.

Ms. Kalajainen seconded the motion.

Motion carried, 4-0-0.

## 8. Old Business

### 8-1. Five Year Budget Outlook Projection

**Note** Mr. Gervais said there was no formal update yet. The spreadsheet shared during the presentation is still a working draft. The plan is to refine it over the next week or so, send an updated version to the Board, and possibly hold a conference call or Zoom meeting with interested members to review and improve it before the March regular meeting.

## 9. Public Discussion

**Note** There was none.

## 10. Board Comments

**Note** Mr. Steel expressed appreciation for the effort to limit the proposed budget increase to no more than one mill but said he would prefer to see the mill rate increase even less if possible. He acknowledged the difficulty given rising wages and costs.

**Note** He suggested that School Administrators, Department Heads, and the First Selectman consider forgoing salary increases this year as a sign of shared sacrifice. He also proposed that union groups might consider reducing their negotiated increases, recognizing this would be a significant request.

**Note** Mr. Steel raised concerns about the town's fiscal situation, describing it as serious, and emphasized the need for caution and creative, "out-of-the-box" solutions. He also suggested making greater use of the fund balance to help manage the transition from debt reliance to more cash capital.

**Note** He stressed the importance of being sensitive to residents who are struggling financially and may not be able to afford further tax increases.

**Note** The Board briefly reviewed the budget schedule.

 [BOF Budget Meetings Proposal 02-11-2026.pdf](#)

## 11. Adjournment

**Decision** MOTION (5)

Ms. Bullock moved to adjourn the February 11th, 2026, Regular BOF Meeting at 7:07 p.m.

Ms. Bullock seconded the motion.

Motion carried, 6-0-0.

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

## Task Summary

### New Tasks

**Task**  Ms. Kalajainen's main point is that since 92% is high compared to many organizations, could the town reduce how much it contributes to free up cash for other needs? Mr. Gervais acknowledged that it as a fair question and he will find out and report back.

*Owned by Kevin Gervais, Finance Director*

### Open tasks from previous meeting(s)

**Task**  Mr. Birmingham requested that the Board of Education come before the Board of Finance to discuss their thinking on using the non-lapsing fund. Mr. Newton committed to restarting a consistent schedule for reporting to enhance transparency.

*Owned by Jeffrey Newton, East Lyme Superintendent of Schools*

**Task**  Mr. Gervais acknowledged it was a good question and said he will ask the town's auditors for clarification on whether it should be included, even though the town cannot legally draw it back.

*Owned by Kevin Gervais, Finance Director*

**Task**  He said the Board of Education will provide a report showing exactly how many teacher and staff roles were removed or changed during last year's budget cycle.

*Owned by Eric Bauman, Board of Education Chair*

**Task**  Mr. Sheckley requested a 5-year comparison of student numbers versus staffing levels. He argued that if student populations drop, staffing costs should directionally follow that same trend. Mr. Bauman agreed to provide this data, noting he had already asked the Superintendent to overlay student numbers with staffing levels for the Board to review.

*Owned by Eric Bauman, Board of Education Chair*