

**CITY OF ESSEX JUNCTION  
CITY COUNCIL  
REGULAR MEETING  
MINUTES OF MEETING  
MARCH 13, 2024**

**COUNCILORS PRESENT:** Raj Chawla, President; Amber Thibeault, Vice President; Andrew Brown, Marcus Certá, Clerk; Elaine Haney.

**ADMINISTRATION:** Regina Mahony, City Manager; Jess Morris, Finance Director; Harlan Smith, Interim Building Coordinator.

**OTHERS PRESENT:** Chad Bastewell, Mittzy Bephe, Alexis Brown, Bill Keyser, Albert, Resa.

**1. CALL TO ORDER**

Councilor Chawla called the meeting to order at 6:30 PM.

**2. AGENDA ADDITIONS/CHANGES**

Councilor Chawla requested making consent agenda item #6b business item #5b.

**3. APPROVE AGENDA**

**RAJ CHAWLA made a motion, seconded by ELAINE HANEY, to modify the agenda to make Consent Agenda item #6b Business Item #5b, moving Business Item #5b to #5c, and moving Business Item #5c to #5d. The motion passed 5-0.**

Councilor Chawla noted that the City Council previously had a meeting disrupted by anti-Semitic and racist hate speech, and that the City Council does not tolerate such actions and condemns them. He said that while the City Council cannot always prevent hate speech from occurring during public comments, the Council will take measures to make it more difficult to express such views.

**4. PUBLIC TO BE HEARD**

a. Comments from Public on Items Not on Agenda

Several disruptive and inappropriate public comments were made that were not germane to the City Council's meeting.

**5. BUSINESS ITEMS**

a. FY23 Audit Presentation, Bill Keyser

Bill Keyser of Kittell, Branagan, & Sargent presented on the City's Fiscal Year 2023 Audit. He said that overall, the City's financials are represented by a strong finance team. He noted that the City was subject to a single audit in 2023 related to federal expenditures on the Crescent Connector project and that federal expenditures exceeded the \$750,000 threshold. He said that in total there are \$3.5 million in federal expenditures by the City in FY23 and that the Crescent Connector project made up \$2.8 million of that amount. He noted that a single audit also includes tests to ensure that grant funds are used for appropriate eligible costs and that matching requirements are also met. He said that there were no issues or findings in relation to expenditures from the Crescent Connector project. He noted that the audit also included a review of the internal controls and that in 2023, they noted sound controls for the City. He said that the internal controls are those that are still in place when the Village and Town were exploring a merger. He said that Finance Director Morris is working to develop controls specific to the City to be in place for FY25. He spoke briefly about the management discussion and analysis, which gives the reader a good year-over-year comparison of the financial activities of the City and financial highlights and future plans. He then spoke about the government-wide financial statements, which are reported on an accrual basis. He said that there are differences when comparing these statements to the Village's statements for FY22. He said that this year there were large amounts of cash balances and delinquent tax receivables, which were moved over from the Town as of June 30, 2023. He said that in

past years, the cash and receivables were both reported as receivables from the Town. He said that the majority of inter-entity balances have been settled as of October, but there is still a due from the Town of approximately \$430,000. He noted that the City established an allowance for doubtful accounts on delinquent property tax revenues of \$12,000, which is offsetting the taxes receivable balance of \$60,000. He said that the City took back from the Town only the 2022 receivables that were billed, as it does not have the authority to collect on older receivables from the Town. He said that consistent with prior years, utility collections within accounts receivable had significant success, and only 4% of the utilities remain uncollected. He noted that due to the City being a new participant in the VMERS plan with the State of Vermont there are new line items for deferred outflows and net pension liabilities within the government-wide financial statements, and he explained what these are. He then spoke about the fund financials, noting that the accounts receivables in the General Fund are low, mainly due to the inclusion of the 2022 tax delinquencies. He noted that the ARPA funds are on the balance sheet as a liability as well, saying that there are \$2.8 million to be recognized. He said that it is anticipated that those expenditures will be drawn down in 2024. He noted that the General Fund has a fund balance of \$1,471,000, and of that, \$148,000 has been assigned for specific future expenditures, \$435,000 is related to inventory and prepaid expenses that are nonspendable, and the remaining \$886,000 falls below the fund balance policy threshold of 15% of budgeted expenditures, as it comes out to approximately 7.5%. He said that 2023 General Fund operations resulted in an increase of \$650,000 to the fund balance. He spoke about enterprise funds, which are intended to be self-sustaining. He said that the water and wastewater funds had positive increases in net position for 2023, while the sanitation fund had a reduction in net position, and EJRP had an income of \$350,000 for the fiscal year.

Councilor Certa asked about uncorrected misstatements and what action needs to be taken to address those (recognizing that generally, this audit was clean with no findings). Mr. Keyser replied that these would be adjustments that were proposed to management that were not made, and he said that for 2023 there were no uncorrected misstatements. He said that any corrected misstatements would have been proposed by Finance Director Morris during audit procedures. Councilor Certa asked about compensated absences and asked how often payouts occur for unused sick or vacation time. He said it would be good to ensure that employees are taking advantage of available time off and taking the time they need. Finance Director Morris noted that this is part of the union contract and that there are not very many individuals who fall into the maximum category of payout for sick hours. She noted that sick time is not used as often as vacation time. Councilor Certa recognized that there needs to be a balance between encouraging employees to take sick time when needed and incentivizing them to only use it when appropriate by paying out unused sick time through this policy. Mr. Keyser noted that part of the audit also checks to ensure that there are no individuals accruing sick time in excess of the cap.

Councilor Chawla asked for a description of what a clean audit and unmodified opinion means. Mr. Keyser replied that an unmodified opinion doesn't necessarily always mean a clean audit, but means that the financial statements are not materially misstated. He said that a clean audit in this context means that there were no adjustments, reconciliations were all balanced, there were clear controls in month-end and year-end closeouts and no material errors.

b. ARPA Funds Obligation and Expenditure \*\* was agenda item #6b\*\*

Finance Director Morris began by noting in April 2022 when all ARPA funds were received for the City, the Council elected to opt for the standard allowance, meaning that all funds would be used on the provision of government services. She noted that the current balance remaining for ARPA funding (including accrued interest) is \$2,824,513.71. She said that the Vermont League of Cities and Towns (VLCT) began advising municipalities in December that they should consider using their ARPA funds as quickly as possible (by March 31, 2024). She said that the City's intention was to spend its remaining ARPA dollars directly from the ARPA special revenue fund on the 2 Lincoln Street renovation project,

but that this funding wouldn't be drawn down quickly enough to align with VLCT's recommended timeline. She said that VLCT's second option was to formally designate remaining ARPA balances to pay for municipal personnel expenses, transfer those funds into the General Fund, and create a surplus in the FY24 budget that could then be used to fund the 2 Lincoln Street project as originally intended. She said that this has a net effect of \$0 on the FY24 budget, but allows the City to transfer the ARPA funding into the General Fund on the timeline that VLCT is recommending. She said that this needs to occur by March 31<sup>st</sup> to be included in the April 15 reporting to the Treasury.

**MARCUS CERTA made a motion, seconded by ELAINE HANEY, that the Council approve the transfer of ARPA funds and FY24 budgeted revenue increase in the amount of \$2,824,513.71 to the General Fund to pay for municipal personnel expenses in FY24 per the recommendations from VLCT, and also approve an increase to the FY24 budgeted 2 Lincoln Building expenditures for the same amount. Furthermore, the Council will designate the surplus of the same amount created in the General Fund to the 2 Lincoln renovation project. The motion passed 5-0.**

c. \*Discussion and Consideration of an Executive Session to discuss pending or probable civil litigation  
See item #9a below.

d. \*Discussion and Consideration of an Executive Session to discuss the City Manager's Six-Month check-in  
See item #9b below.

#### 6. **CONSENT AGENDA**

- a. Approve Meeting Minutes: February 28, 2024
- b. Acting as the Liquor Control Commission, Liquor & Tobacco License Approval
- c. Approve Street Vending Permit

**ANDREW BROWN made a motion, seconded by ELAINE HANEY, to approve the consent agenda as presented. The motion passed 5-0.**

#### 7. **COUNCILOR COMMENTS AND CITY MANAGER REPORT**

City Manager Mahony noted that there was a staff training last week, which went well. She also noted that the Governor signed the City's charter change amendments today.

Councilor Chawla expressed disappointment and dismay at the comments made at the beginning of this meeting, and expressed regret that members of the community had to endure those as well.

Councilor Thibeault said that she attended the legislative counsel event last week at the Blue Spruce Grange and expressed thanks for the invite. She noted that attendees had many thoughtful comments on the budget and the projects the City is working on.

#### 8. **READING FILE**

- a. Check Warrant #24038 (3/8/2024)
- b. FY25 Annual Financial Plan (TA-60) for the State of Vermont
- c. February Financial Reports
- d. Bike Walk Advisory Committee Minutes (02/21/2024)
- e. Tree Advisory Committee Minutes (02/20/2024)
- f. Police Community Advisory Board Minutes (02/20/2024)

#### 9. **EXECUTIVE SESSION**

a. \*An Executive Session may be needed to discuss pending or probable civil litigation

**MARCUS CERTA made a motion, seconded by RAJ CHAWLA, that the City Council make the specific finding that general public knowledge of pending or probable civil litigation or a prosecution, to which the public body is or may be a party, would place the City at a substantial disadvantage. Further, move that the City Council to enter into executive session to discuss pending or probable civil litigation or a prosecution, to which the public body is or may be a party, pursuant to 1 V.S.A. § 313(a)(1)(E) to include the City Council and City Manager. The motion passed 5-0.**

b. \*An Executive Session may be needed to discuss the City Manager's Six-Month check-in

**MARCUS CERTA made a motion, seconded by ANDREW BROWN, that the City Council enter into executive session to discuss a personnel evaluation, pursuant to 1 V.S.A. § 313(a)(3) to include the City Council and City Manager. The motion passed 5-0 at 7:11 P.M.**

**AMBER THIBEAULT made a motion, seconded by RAJ CHAWLA, to exit executive session. The motion passed 5-0 at 8:45 P.M.**

10. **ADJOURN**

**RAJ CHAWLA made a motion, seconded by ANDREW BROWN, to adjourn the meeting. The motion passed 5-0 at 8:46 P.M.**

Respectfully Submitted,  
Amy Coonradt