

**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 Certa, 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

54 past years, the cash and receivables were both reported as receivables from the Town. He said that the
55 majority of inter-entity balances have been settled as of October, but there is still a due from the Town
56 of approximately \$430,000. He noted that the City established an allowance for doubtful accounts on
57 delinquent property tax revenues of \$12,000, which is offsetting the taxes receivable balance of \$60,000.
58 He said that the City took back from the Town only the 2022 receivables that were billed, as it does not
59 have the authority to collect on older receivables from the Town. He said that consistent with prior years,
60 utility collections within accounts receivable had significant success, and only 4% of the utilities remain
61 uncollected. He noted that due to the City being a new participant in the VMERS plan with the State of
62 Vermont there are new line items for deferred outflows and net pension liabilities within the government-
63 wide financial statements, and he explained what these are. He then spoke about the fund financials,
64 noting that the accounts receivables in the General Fund are low, mainly due to the inclusion of the 2022
65 tax delinquencies. He noted that the ARPA funds are on the balance sheet as a liability as well, saying
66 that there are \$2.8 million to be recognized. He said that it is anticipated that those expenditures will be
67 drawn down in 2024. He noted that the General Fund has a fund balance of \$1,471,000, and of that,
68 \$148,000 has been assigned for specific future expenditures, \$435,000 is related to inventory and
69 prepaid expenses that are nonspendable, and the remaining \$886,000 falls below the fund balance
70 policy threshold of 15% of budgeted expenditures, as it comes out to approximately 7.5%. He said that
71 2023 General Fund operations resulted in an increase of \$650,000 to the fund balance. He spoke about
72 enterprise funds, which are intended to be self-sustaining. He said that the water and wastewater funds
73 had positive increases in net position for 2023, while the sanitation fund had a reduction in net position,
74 and EJRP had an income of \$350,000 for the fiscal year.

75
76 Councilor Certa asked about uncorrected misstatements and what action needs to be taken to address
77 those (recognizing that generally, this audit was clean with no findings). Mr. Keyser replied that these
78 would be adjustments that were proposed to management that were not made, and he said that for 2023
79 there were no uncorrected misstatements. He said that any corrected misstatements would have been
80 proposed by Finance Director Morris during audit procedures. Councilor Certa asked about
81 compensated absences and asked how often payouts occur for unused sick or vacation time. He said it
82 would be good to ensure that employees are taking advantage of available time off and taking the time
83 they need. Finance Director Morris noted that this is part of the union contract and that there are not
84 very many individuals who fall into the maximum category of payout for sick hours. She noted that sick
85 time is not used as often as vacation time. Councilor Certa recognized that there needs to be a balance
86 between encouraging employees to take sick time when needed and incentivizing them to only use it
87 when appropriate by paying out unused sick time through this policy. Mr. Keyser noted that part of the
88 audit also checks to ensure that there are no individuals accruing sick time in excess of the cap.

89
90 Councilor Chawla asked for a description of what a clean audit and unmodified opinion means. Mr.
91 Keyser replied that an unmodified opinion doesn't necessarily always mean a clean audit, but means
92 that the financial statements are not materially misstated. He said that a clean audit in this context means
93 that there were no adjustments, reconciliations were all balanced, there were clear controls in month-
94 end and year-end closeouts and no material errors.

95
96 b. ARPA Funds Obligation and Expenditure ** was agenda item #6b**

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

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

111
112 **MARCUS CERTA made a motion, seconded by ELAINE HANEY, that the Council approve the**
113 **transfer of ARPA funds and FY24 budgeted revenue increase in the amount of \$2,824,513.71 to**
114 **the General Fund to pay for municipal personnel expenses in FY24 per the recommendations**
115 **from VLCT, and also approve an increase to the FY24 budgeted 2 Lincoln Building expenditures**
116 **for the same amount. Furthermore, the Council will designate the surplus of the same amount**
117 **created in the General Fund to the 2 Lincoln renovation project. The motion passed 5-0.**

118
119 c. *Discussion and Consideration of an Executive Session to discuss pending or probable civil litigation
120 See item #9a below.

121
122 d. *Discussion and Consideration of an Executive Session to discuss the City Manager's Six-Month
123 check-in
124 See item #9b below.

125
126 **6. CONSENT AGENDA**

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

130
131 **ANDREW BROWN made a motion, seconded by ELAINE HANEY, to approve the consent agenda**
132 **as presented. The motion passed 5-0.**

133
134 **7. COUNCILOR COMMENTS AND CITY MANAGER REPORT**

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

137
138 Councilor Chawla expressed disappointment and dismay at the comments made at the beginning of this
139 meeting, and expressed regret that members of the community had to endure those as well.

140
141 Councilor Thibeault said that she attended the legislative counsel event last week at the Blue Spruce
142 Grange and expressed thanks for the invite. She noted that attendees had many thoughtful comments
143 on the budget and the projects the City is working on.

144
145 **8. READING FILE**

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

152
153 **9. EXECUTIVE SESSION**

154 a. *An Executive Session may be needed to discuss pending or probable civil litigation
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156 **MARCUS CERTA made a motion, seconded by RAJ CHAWLA, that the City Council make the**
157 **specific finding that general public knowledge of pending or probable civil litigation or a**
158 **prosecution, to which the public body is or may be a party, would place the City at a substantial**
159 **disadvantage. Further, move that the City Council to enter into executive session to discuss**
160 **pending or probable civil litigation or a prosecution, to which the public body is or may be a**
161 **party, pursuant to 1 V.S.A. § 313(a)(1)(E) to include the City Council and City Manager. The**
162 **motion passed 5-0.**
163

164 b. *An Executive Session may be needed to discuss the City Manager’s Six-Month check-in
165

166 **MARCUS CERTA made a motion, seconded by ANDREW BROWN, that the City Council enter**
167 **into executive session to discuss a personnel evaluation, pursuant to 1 V.S.A. § 313(a)(3) to**
168 **include the City Council and City Manager. The motion passed 5-0 at 7:11 P.M.**
169

170 **AMBER THIBEAULT made a motion, seconded by RAJ CHAWLA, to exit executive session. The**
171 **motion passed 5-0 at 8:45 P.M.**
172

173 10. **ADJOURN**
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175 **RAJ CHAWLA made a motion, seconded by ANDREW BROWN, to adjourn the meeting. The**
176 **motion passed 5-0 at 8:46 P.M.**
177

178 Respectfully Submitted,
179 Amy Coonradt