


**TOWN OF SALEM
BOARD OF FINANCE
PUBLIC HEARING MEETING MINUTES
WEDNESDAY, APRIL 10, 2024 – 7:00 P.M.
SALEM SCHOOL – MULTI-PURPOSE ROOM**


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**The Minutes submitted below have been filed in accordance with
Section 7-342 of the Connecticut General Statutes. They are subject to final approval
with or without amendments by a vote of the Board of Finance (BOF).
Approval and any such amendments will be detailed in subsequent BOF minutes.**

PRESENT

William “Skip” Dickson, Chairman
Corinne (Cory) Bourgeois, Clerk
Kate Belleville (7:08 p.m.)
John Bernier
Janet Griggs
James Moran, Alternate

ABSENT

Deborah Cadwell
Maryann Casciano, Alternate
Matt Rucci, Alternate

CALL TO ORDER

Chairman Dickson called the meeting to order at 7:06 p.m.

PLEDGE OF ALLEGIANCE

AGENDA:

1. MEETING – PUBLIC HEARING FOR FY2023/24 BUDGET

Chairman Dickson welcomed everyone to this evening’s meeting. He provided a brief overview of the Public Hearing, which included brief presentations of the budget process; the Capital, General Government, and Board of Education (BOE) budgets, and; the public’s comments. He stated that the Board of Finance is especially interested in hearing the public’s comments; it has been a very difficult budget year and any suggestions they might have would be more than welcome.

The process begins with the submission and presentation of the proposed FY2024/25 Budgets from the various boards, commissions, and departments. The Board reviews and discusses the budget requests, making line-item adjustments, as necessary, and the Budget Book is compiled. The BOE submits and presents its proposed FY2024/25 Budget Book to the Board of Finance, which reviews and discusses the budget and determines the bottom line. The Board of Finance cannot make any line-item adjustments to the BOE Budget; they can only adjust the total amount.

This evening's Public Hearing will be followed by the Board's Regular Meeting tomorrow evening. During the meeting, the Board will review and consider the public's comments and make final adjustments to the proposed budgets. The final adjustments will be compiled and presented at the Annual Town Meeting, where the residents will vote to send the proposed Budget to a Referendum. During the Annual Town Meeting, the proposed amounts may only be approved, as presented, or reduced. The events will be held on the following dates:

| | |
|--|----------------------------------|
| Thursday, April 11, 7:00 p.m., Town Hall | Board of Finance Regular Meeting |
| Wednesday, May 1, 7:00 p.m., Salem School | Annual Town Meeting |
| Wednesday, May 8, 6:00 a.m. - 8:00 p.m., Town Hall | Referendum |

With the exception of the Annual Town Meeting, the events will be held at Salem Town Hall. Should the proposed budget be passed, the Board will discuss and set the mil rate. Should the budget fail, the Board will re-review the budget and the process will be repeated.

A history of the Town's mil rate, dating back to FY2015/16, was reviewed. The mil rate has remained, relatively, steady over the years. The proposed FY2024/25 includes a mil rate increase, which can be partially offset by the Town's Unassigned Fund Balance.

REVENUES

The town's revenue sources include State Funding, including ECS (Educational Cost Sharing) Funding, Federal Funding, taxes, fees received for licenses and permits, and library fines. The projected revenue for FY2024/25 is \$16,723,432.00.

The state is expected to resume its incremental ECS Funding cuts for towns, including Salem, that were "held harmless" in the near future.

Following the COVID-19 Pandemic, the Town received two (2) allotments of ARPA (American Rescue Plan Act) Funds. Approximately \$400,000.00 of the funds that were received are not yet allocated. To help balance the budget, the Board has recommended certain Capital items to the ARPA Committee for consideration. Once approved by the ARPA Committee, a Special Town Meeting will be scheduled, allowing the townspeople to approve the expenditures.

UNASSIGNED FUND BALANCE, a.k.a., RAINY-DAY FUND

Per the Town's Fund Balance Policy, a minimum of 18% of the Town's overall budget should remain in the Unassigned Fund Balance, also known as the Rainy-Day Fund. The Unassigned Fund Balance includes unexpended funds that were returned to the Town over the years. As a result of the Town's receipt of the state's reimbursement for the School Roof Project, funds that were allocated and not expended, the return of unexpended funds, and additional unexpected revenue, the Town's Unassigned Fund Balance grew to approximately 24% this fiscal year. It was stressed that this is not a usual occurrence.

MIL RATE DETERMINATION

The Mil Rate is determined by dividing the town's budget by the Net Grand List of taxable property in the town. One mil is equal to \$1.00 of tax for each \$1,000 of the assessment. To determine the property tax rate, 70% of the assessed value of the property is multiplied by the mil rate and divided by 1,000. Based on the current Grand List, approximately \$460,000.00 equals 1 mil. The current mil rate is 28.8.

Chairman Dickson proceeded to present the three main parts of the budget, which includes:

CAPITAL EXPENDITURES

The FY2024/25 Capital Plan Budget includes the town's Principal and Interest for the School Renovation Bond and Capital items for the BOE, Public Works, Fire Departments, and General Government. For planning purposes, the BOF maintains a Ten-Year Capital Plan with the goal of maintaining a steady, balanced amount from year to year; the items for future years may or may not remain on the Capital Plan for the designated fiscal year. While most of the items are one-time allocations, some may be spread out for a set number of years, and others are allocated annually. As noted earlier, some of the items were recommended for ARPA Funding to help reduce the Capital Budget. Maintaining a steady, balanced Capital Budget from year to year has proven beneficial and is reflected in the Town's high Moody Rating. The proposed FY2024/25 Capital Budget totals approximately \$1.3 million. Including the principal and interest, the total is approximately \$1.8 million. He reviewed each of the items included in the FY2024/25 Proposed Capital Budget.

GENERAL GOVERNMENT BUDGET

The General Government Budget, which totals \$5,282,043.00, includes the Selectmen's Operating Budget, the budget for the 18 boards, commissions, and departments, and the town's revenues. As stated earlier, the budget for each of the departments is reviewed and the reasons for any increases and/or decreases are noted wherever possible. This year's proposed budget increases were significantly high and initial cuts were made by the BOF. He reiterated their interest in hearing any thoughts, suggestions, or creative solutions the townspeople might have to help reduce the mil rate increase and balance the budget. He posed the following for guidance:

1. Satisfaction with increased taxes to accommodate increased or enhanced services
2. The first phase of the MRI Public Safety Study
3. Satisfaction with the proposed BOE Budget
4. Areas you are willing to accept less services

The primary impacts include the initial implementation of the recommendations provided in the MRI (Municipal Resources, Inc.) Public Safety Study, restoration of town office support functions, the lingering impacts of the supply chain issues, the growing inflation, ongoing legal fees, and the BOE Special Education (SPED) and Out-of-District Costs.

Emergency Services Liaison Selectman Ron LaBonte spoke with respect to those items related to the recommendations provided in the MRI Study. The agreed-upon salaries included in the Firefighter and Public Works Union Contracts are included in the proposed budget. While the MRI Study recommended hiring a Fire Chief to oversee the Emergency Services Department, it was decided, due to the salary of the position and because the duties of the position are subject to State Statutes, to condense the position to a Part-time Emergency Services Director who oversees the career staff and operations. The Director will eventually oversee the budget for the Fire Companies, further clarifying and providing a more transparent budget. The Study also suggested staffing the Department with two (2) additional full-time Career Firefighters/EMTs for a total of (4) full-time Career Firefighters/EMTs. Recognizing the Town's fiscal situation, they are proposing hiring one (1) full-time Career Firefighter/EMT and filling in the gaps with the existing Part-time Firefighter/EMT staff. The additional Firefighter/EMT will enable them to fulfill the recommendation of expanding their coverage of the Town to seven (7) days/week, 12 (twelve) hours/day.

BOARD OF EDUCATION (BOE) BUDGET

BOE Treasurer Ryan Little reviewed the proposed FY2024/25 Budget Book. The proposed BOE budget includes a 5.51% increase, 4.40% of which includes the School's existing programming, and 1.10% for program enhancements for Special Education and LEARN Human Resources Support.

The BOE Budget is divided into four (4) areas:

| | | |
|--------------------|-----------------|------------------|
| Salem School (K-8) | \$ 6,565,247.00 | (0.49% increase) |
|--------------------|-----------------|------------------|

Savings include a reduction in utilities due to a recent transition to LED lighting.

Due to staffing issues, a service contract for custodial services, which also provides supplies, was established. The cost for special education students is based on each student's individual needs and is the most volatile element of the BOE budget.

| | | |
|----------------|-----------------|------------------|
| Central Office | \$ 1,179,672.00 | (6.23% increase) |
|----------------|-----------------|------------------|

Includes the Offices of the Superintendent, Business Manager, Facilities Director, and Director of Student Services.

| | | |
|-----------------------|-----------------|---------------------|
| East Lyme High School | \$ 3,037,674.00 | (increase of 3.68%) |
|-----------------------|-----------------|---------------------|

East Lyme High School tuition rates will increase for the SY2024/25. An increase in regular education students and a decreased in special education students is anticipated. The budget also includes the adjusted amount for the number of actual students who attended the high school in SY2022/23.

| | | |
|--------------------------|-----------------|----------------------|
| Out of District Services | \$ 1,145,240.00 | (increase of 56.71%) |
|--------------------------|-----------------|----------------------|

This portion of the budget is largely driven by special education costs.

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| Total | \$ 11,927,833.00 | |
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SUMMARY

The proposed amounts for each of the budgets are as follows:

| | |
|------------------------------------|--------------------------|
| General Government | \$ 5,282,043.00 |
| Board of Education | \$ 11,972,833.00 |
| Capital Expenditures | \$ 1,332,688.00 |
| Total Budget (Expenditures) | \$ 18,542,564.00 |
| Revenue | \$ 16,723,432.00 |
| Deficit | - \$ 1,819,132.00 |

Part of the deficit, which would result in a 4-mil increase, may be decreased by utilizing approximately \$950,000.00 for Capital items from the Town's Unassigned Fund Balance.

2. COMMENTS

Gary Closius, 294 Hartford Road, requested the total impact of the implementation of the MRI Public Safety Study in both the Capital and General Government budgets.

Selectman Lyden informed the public the Board of Finance is not obligated to respond to the public's questions this evening, especially to those questions that may require some work. Their responses may be provided at the upcoming Town Meeting.

Alan Benkert, 230 West Road, spoke in favor of the Library budget and salaries and expressed his willingness to pay more taxes to support the Library budget. He commended its Director and her staff, who are necessary to maintain its hours and programming. The Library, he added, serves countless residents..

Hugh McKenney, 33 Woodland Drive, spoke in favor of the BOE Budget, which has experienced minimal increases over the past three to four years. He felt that an Unassigned Fund Balance of 23% was too high and urged the Board to reduce the amount to 18%, per the Fund Balance Policy. He questioned the exact amount of funds that would be utilized from the Unassigned Fund Balance to reach the required level and the sudden increase in funds. He also suggested not funding the two (2) plows included in the Capital Budget.

Board Member Griggs explained that the increase in the Unassigned Fund Balance was not usual and was partly due to the state's reimbursement for the School Roof Project.

Dee Doolittle, 300 East Haddam Road, Chairperson, Library Board of Directors, spoke in support of the Library and provided a brief history of their budget. The proposed Library budget is based on its current hours of operation and programming and includes cost of living and minimum wage increases. The Board of Selectmen reduced their initial funding request of \$103,656.00 to \$99,000.00. While the reduction would result in a minimal decrease in its hours of operation and programming, the Library Director was agreeable to the reduced amount. The proposed reduction of an additional reduction would result in a further reduction in hours and programming, including such popular programs as Storytime and music, science, and art activities, and will not be sufficient enough to fund the state-

mandated minimum wage. The Library provides an important educational and social benefit for all of the Town's residents. It has experienced an increase in patron visits and circulation of materials. Compared to previous years, the Library offers three times as many programs. She requested the budget be reinstated to, at least, the Board of Selectmen's proposed amount of \$99,000.00.

John Cunningham, 46 Salem Ridge Drive, a 50+ year Gardner Lake Volunteer Fire Company Member, recommended the Board transfer the Unassigned Fund Balance to the Capital Reserve Fund and relieve the residents' future tax burden(s). He noted that the proposed budget includes an increase of over \$1 million. As a senior citizen who lives modestly on a fixed income, the proposed 7% increase will tax many of its residents out of town. He also commented on the notation under Department 140, Utilities, which states, "\$22,400 GLVFC Utilities are Funded by the Town. The Town of Salem does not own the GLVFC station, but is currently funding GLVFC Utilities – GLVFC invoice payments will be at the discretion of the BOS", which appears to be a retaliatory remark and a form of blackmail deriving from the current litigation. He questioned the ability of the Fire Company to appropriately budget for their needs when the amount is at the "whim or discretion" of the BOS, i.e., the Board of Selectmen.

Chairman Dickson stated that there has been no indication of the Board of Finance being discretionary; the Fire Company's utilities are included in the budget, as presented.

Thomas Lane, 39 Cockle Hill Road, while understanding the increases, felt that the General Government and BOE Budgets were too high. He suggested the increase be better aligned with the Social Security benefits increase of 3.2%.

Sue Spang, 129 Hartford Road, expressed her support for the Library which, she felt, was reasonable. She also felt that the public's questions should be answered during the Public Hearing; not doing so is a disservice. She requested clarification regarding the notation under Line Item 5-105-111, Salaries, ZEO/WEO/Building Official, which states "CCOG staff change". She also questioned what qualifies an item for the Capital budget.

Finance Specialist Lisa Jablonski stated that the line item includes the salaries for the ZEO/WEO (Zoning Enforcement Officer/ Wetlands Enforcement Officer), Building Official, and Clerk. The ZEO/WEO position is currently open and the Town Planner, who is contracted through the SCCOG (Southeastern Connecticut Council of Governments), is currently acting as the ZEO/WEO. The total amount allocated to the position is dependent on the need, which varies.

Chairman Dickson stated that items valued at over \$5,000.00 are considered Capital expenses. While items are typically hard, fixed or one-time items, e.g., Salary Study, might also be included.

Bart Drennen, 5 Salem Hollow Lane, spoke in support of the Library, which is more than just a building. It supports the Director, the staff, the Library Board, programs, public

interactions, and various services, including access to the internet, a computer, and printing. While the Town has improved the Library budget over the years, bringing some of the items to an acceptable level, the Library's part-time staff wage increases do not meet the minimum wage increases. As a result, the Library's hours and programs will need to be reduced, limiting the public's access to the Library and its offerings. He recommended the Board reinstate its budget to \$99,000.00 so that it may continue serving the residents of the Town. He noted that the budget for Department 240, Public Safety/Fire Marshal/Career Firefighters/Emergency Operations Center, has increased by 78% since 2021 and an additional 24% increase is being proposed for the next fiscal year. He questioned the large increase and asked if there was a plan for the department and the plan's relationship with the MRI Public Safety Study recommendations. He also noted that the Town has not experienced any mil rate increases over the recent years and questioned whether the Town is properly preparing for its future.

Dan Holle, 48 Fawn Run, expressed his appreciation to the Board of Finance who, he recognized, has a tough job. He commended the clear, explanatory presentation of the BOE's Budget Book in comparison to that of the Town. He suggested the BOE provide only the adjusted numbers, which reflect the line-item transfers that were made throughout the year to balance the budget, to better reflect the changes. He also proposed that the General Government provide more recent numbers for their expenditures, to date, and suggested that the impact of the changes due to the recommendations included in the MRI Study be better highlighted and explained.

Marshall Collins, 46 Round Hill Road, encouraged the Town to better promote the Public Hearing, stating that more members of the public might be present for this evening's meeting had they been aware that the Board of Finance is considering a 4-mil increase. He felt that the residents should be aware of the continuing increases in the BOE Budget while the School experiences either flat or decreasing enrollment numbers without improvements in the quality of education. The inability of the BOF to reduce the BOE's budget due to the MBR (Minimum Budget Requirement) should be considered. Similarly, the same issues exist with the Public Safety Department as the Town continues to maintain two (2) Fire Companies. He also commented on the overall expense of piecemealing the recommendations included in the MRI Study. He also felt that the presentations should provide more information, including explanations related to the Unassigned Fund Balance. The budget, as presented, is an increasing deficit spending budget that is building in deficits for the following year(s). In FY2022/23, the Town had a surplus of funds, which has been decreasing ever since, resulting in the proposed \$1.8 million deficit for FY2024/25. At the same time, the state continues to decrease its funding to municipalities and plans to make additional cuts. He commended the Library Board and Recreation Commission who are offering additional programming with very modest increases and encouraged the other

departments to do the same. He recommended the Board of Finance return the proposed budgets to the BOE and Board of Selectmen for additional cuts.

Fatima Huang, 148 Old Colchester Road, spoke in support of the Library budget and encouraged everyone to do the same. Focusing on the trends, she spoke on the following:

| | Years | % Increase |
|---------------------------|----------------|------------|
| Department 105, Salaries: | 2017 - 2021 | 1% to 2% |
| | 2021 - Current | 11% |

Salaries should be maintained at the same level as the previous year and remain as such until the budget is in order.

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| Department 126, Town Counsel: | 2021 - Current | 35% |
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Urged the pending litigation(s) be settled

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| General Government Operating Budget: | 2017 - 2021 | 1% |
| | 2021 - 2024/25 | 13% |

Questioned whether the custodial costs were transferred from the BOE to the General Government budget and felt that the 13% increase (Line Item 5-134-259, Town Office Operation, Cleaning Services and Supplies) appears high

She commended former First Selectman Lyden for his past efforts and fiscal responsibility and disagreed with the proposed General Government Budget. Concerning the proposed BOE Budget, she expressed her support for the Salem School portion and challenged the East Lyme High School Programs portion of the budget. Considering the anticipated enrollment of students and associated rates, the cost increase should be \$140,000.00 rather than \$221,000.00. Similarly, based on the anticipated Out of District number of students, the cost should total \$591,000.00 rather than the proposed \$718,000.00. These corrections would result in a \$200,000.00 savings. With respect to the Capital Budget, she felt that the purchasing of an additional snowplow truck (Line Item, 26, PW Large Snow Plow Truck #3) totaling \$285,000.00 was “ridiculous” and questioned the need for an additional large truck to maintain the Town’s 5 x 5 miles and the decreasing amount of snow. She did not feel that the proposed budget supported the Town’s needs. She agreed with Mr. Collins’ statement that it is an increasing deficit budget, which is unacceptable. She urged the Board to return to the "drawing board”.

Dahlia Peña-Thomas, 260 West Road, questioned the reasoning behind the zero amounts for several grants (Department 92, State/Federal Grants) listed in the budget and requested a copy of a list of the grants the Town has applied for and received and their respective dollar amounts. She also requested an explanation of the Unassigned Fund Balance.

Chairman Dickson stated that the Town and its departments apply for grants throughout the year. He explained that those grants that are zeroed out are, most likely, as a result of being carried out from previous years. A list of the grants and their respective amounts may be provided by the departments. The Unassigned Fund Balance is often referred to as the

Rainy-Day Fund and includes unexpended funds that were returned to the Town and are not designated for any specific purpose(s). As previously stated, this year was unusual in that more funds than expected were received.

John Cunningham, 46 Salem Ridge Drive, questioned Line Item 5-152-813, Town Services, Gardner Lake Authority, which indicates that no funds have been paid to the Authority, as of November 2023. He also expressed his disappointment with the lack of advertising regarding the Public Hearing, stating that the electronic sign that was purchased with the Town's ARPA Funds and the blue marker boards that are traditionally placed at key locations notifying the public about the Budget Public Hearing, Town Meeting, and Referendum should have been utilized. The public, he felt, should have been better informed regarding one of the Town's most important Public Hearings.

The Gardner Lake Authority is traditionally paid in the spring.

Elizabeth Lane, 39 Cockle Hill Road, a strong advocate of the Library, Friends of Salem Library Member, and organizer of the Annual Plant Sale, also expressed her strong support for the Town's two (2) Fire Companies and Ambulance. She felt that those budgets should be increased, adding that the staff and volunteers work hard and reliably serve the Town in times of need.

Gene Maiorano, 799 West Road, Salem Volunteer Fire Company Fire Chief, responded to Ms. Peña-Thomas, stating that the Fire Company periodically applies for and is awarded a grant offered by FEMA (Federal Emergency Management Agency). Most recently, an application was submitted for \$95,000.00 to fund the Gear Washer and Gear for the Career Staff and members of the Fire Company. Should the grant be awarded, he was assured by FEMA that the amount would be reimbursed as an emergency purchase. He explained that the applications are very extensive and take approximately two (2) months to complete and several months to receive a response.

Gary Closius, 294 Hartford Road, echoed the support for the Library. Concerning the declining school enrollment, he observed that, for example, the enrollment can decline by 40 students or five (5) students per grade and still require the same number of teachers. He was unsure whether there were too many areas in the budget that could be cut as many of the items are due to state mandates. He also noted that the budget for the General Government has been increasing at a significantly faster pace than that of the Board of Education over the last four to five years.

Selectman Kevin Lyden acknowledged and apologized for the inadvertent adjustment of \$4,000.00 to the Library Staff salaries, stating that the funds would be reinstated. He agreed that the proposed budgets are too high. Over the years, the Town has enhanced its bond rating from an AA3 with a negative outlook to AA2. The rating was, in part, enhanced due to the adoption of a Fund Balance Policy and the BOF's ability to maintain the Capital Plan at a, relatively, consistent amount. As such, he felt that the Capital Budget should be

reduced to approximately \$1.1 million and recommended reducing Line Item 23, PW Road Improvement, by \$50,000.00. He noted that the payment for the Bond for the School Renovation Project, which will be paid off in approximately five (5) years, was re-funded, i.e., refinanced, three to four years ago with a lower interest rate and the School Roof and HVAC System Project was added to the Bond. Large ticket items, such as the BOE's \$450,000.00 request for the replacement of the School's front parking lot (Line Item 11), should not be included in the Capital Plan and should go to a Referendum. The Town's Unassigned Fund Balance is also maintained at an adequate level and as previously explained, was significantly increased, in part, due to the state's reimbursement of \$250,000.00 for the School Roof Project; \$300,000.00 in revenue earned through the Town's SIF (State Investment Fund) and Chelsea Groton Bank accounts, and; the receipt of \$99,000.00 for the LoCIP (Local Capital Improvement Plan) Grant. The Town also submits applications for the STEAP (Small Town Economic Assistance Program) Grant. The increased Unassigned Fund Balance is not usual and the funds were not incorrectly held by the Town. The Town's Grand List growth was minimal this fiscal year. For the General Government Budget, each of the departments' wants must be separated from its needs. He expects a tax increase will be proposed for the next fiscal year.

Use of ARPA Funds for the School Parking Lot – The remaining ARPA Funds may not be used for the BOE's Capital request to demolish and redesign the front parking lot.

Exact Amount of the Rainy-Day Fund – The exact Unassigned Fund Balance amount is \$4,163,140.00.

SVFCO Chief Maiorano offered to delay the purchasing of the Tanker Truck (Capital Budget, Line Item 47) by one year, with stipulations and with the understanding that the price may increase and possible product availability issues. Some work was recently conducted on the current tanker, which is 25 years of age, and past its recommended lifetime. He noted that the funding must be approved by the Town prior to purchase.

ADJOURNMENT

M/S/C: Griggs/Bourgeois, to close the Public Hearing and adjourn the meeting at 9:39 p.m. Discussion: None. Voice vote, 6-0, all in favor. Meeting adjourned.

Respectfully Submitted by:

Agnes T. Miyuki, Recording Secretary for the Town of Salem