

**TOWN OF SALEM
BOARD OF FINANCE
REGULAR MEETING MINUTES
THURSDAY, MARCH 19, 2020 – 7:00 P.M.
SALEM TOWN OFFICE BUILDING**

PER STATE OF CONNECTICUT GOVERNOR LAMONT, EXECUTIVE ORDER NUMBER 7-B THE TOWN OF SALEM BOARD OF FINANCE MEETING ON MARCH 19, 2020 WILL BE FOLLOWING THE SUSPENSION OF IN-PERSON OPEN MEETING REQUIREMENTS. THE PUBLIC CAN ACCESS THIS MEETING AT SALEMCT.GOV.

PRESENT

William “Skip” Dickson, Chairman
Marshall Collins, Clerk
Corinne (Cory) Bourgeois
Deborah Cadwell
Janet Griggs
Hernan Salas
John Bernier, Alternate
Maryann Casciano, Alternate
Dean Wojcik, Alternate (7:35 p.m.)

ABSENT

Michael Jensen, Alternate

ALSO PRESENT

First Selectman Kevin Lyden
Selectman Ed Chmielewski

CALL TO ORDER:

Chairman Dickson called the meeting to order at 7:13 p.m.

PLEDGE OF ALLEGIANCE

Chairman Dickson stated that, in an effort to comply with all of the requirements and recommendations for the Coronavirus, COVID-19, Board Members are seated approximately 6’ apart, causing some of the members to not be visible on camera. There is no public presence and a telephone has been set up to allow residents to call in with their comments.

RECOGNITION OF VISITORS: *none*

SEAT ALTERNATE IF NEEDED: *none*

COMMUNICATIONS:

Clerk Collins stated that a communication was received from Salem Volunteer Fire Company (SVFCO) Chief Gene Maiorano stating his availability to answer any questions regarding the Fire Company’s request for a supplemental appropriation (*Item 2*).

PUBLIC COMMENT (860 859 3873, ext. 132):

Hugh McKenney, 33 Woodland Drive, spoke in support of the Board of Education’s (BOE) FY2020/21 budget, stating that the BOE budget has remained, relatively, flat with very little growth

over the past several years. He cited the overwhelming amount of public support for the BOE budget over the last several months and reminded them that, per State Statute, part of their job is to listen to the public's input. He also reminded the Board that the majority of voters felt that the BOE budget was too low during last year's referendum and, while some have criticized that the sampling pool was too small, he stated that the pool was made up of those residents who voted. He urged them to consider working as a team with the BOE, support as much of their budget increase as possible and allow the voters to make the final decision.

Clerk Collins wished to ask those who call in to voice their support for the BOE budget whether they are also supportive of a 3 to 5 mil tax increase to make up the deficit.

Mr. McKenney felt that Clerk Collins was utilizing scare tactics and cited the significant excess funds that are currently in the Town's Unassigned Fund Balance, a.k.a. Rainy Day Fund, that could be utilized for one or many of the one-time expenses included in the budget. He felt that their high Unassigned Fund Balance was the reasoning behind the State's continued efforts to cut the Town's ECS (Educational Cost Sharing) Funding. He stated that he would support a 2 mil increase, if necessary. However, he felt that the funds could derive from other sources, including moving the BOE technology hardware to the Capital Plan and utilizing the Town's Rainy Day Fund. Because the mil rate has been flat for the past six years, he felt that the residents would understand, recognize, and accept the increase. He added that maintaining the quality of their education system would also help the Town maintain, if not raise, their real estate values.

Jessica Fletcher, 231 Laurelwood Drive, reiterated her comments regarding the importance of the BOE budget and stated that she would support a 3 to 4 mil tax increase. Like Mr. McKenney, she also felt that the Town should utilize its Unassigned Fund Balance to help pay for part of the deficit. Being on day four of the Coronavirus shutdown, she felt that the teachers' salaries are very important to all of the parents who are trying to fill the role of their teachers; they do amazing things all of the time and the Town should express their appreciation and support of the School, its teachers, and its staff by adequately funding them. She requested that the Board seek to derive the funding from all of their available resources. She thanked the Board and hopes that they will do what is best for our school.

Tiffany Cunningham, 89 Rattlesnake Ledge Road, stated her support of the BOE budget. She reminded the Board that, in the previous year, several residents attended and expressed their support of the BOE budget at the Public Hearing. While she understands that many may have issues paying their taxes, she felt that they do not oppose it enough to come before the Board and express their opposition to a mil rate increase. She felt that, because the Board has not proposed a mil rate increase for the last several years, it has now become necessary to, possibly, propose a significant tax increase; had they increased the mil rate in years past, the Town would not be in its current predicament. Not adequately funding the BOE would decrease the School's quality of education. It is not the norm to not add any additional teachers for class sizes of over 50 students nor is it the norm to not fund the School's sports programs. She felt that others would call in to express their support, but do not know the extension number. She stated that she would support a 3.5 mil increase, but felt that a 2 mil increase and gathering funding from other resources would easily cover the BOE's budget request.

Suzanne Gendron, 39 Salem Ridge Drive North, spoke in support of the BOE budget and the crisis that we are now confronted with in educating our schoolchildren. She stated the importance of keeping the lines of communication open between the school, teachers, and students and the need to fund the BOE's request to upgrade their technology equipment. Their current equipment is outdated and the teachers should be provided with the resources necessary to teach our children, especially during such trying times. While other school districts are providing Chromebooks to their students, we are unable to do so as the equipment is shared between the classes. She felt that the Town should be prepared for the future should another such occurrence take place. She supports a 3.5 mil increase.

AGENDA:

1. APPROVAL OF MINUTES: MARCH 5, 2020 REGULAR MEETING:

M/S/C: Salas/Collins, to approve the Board of Finance March 5, 2020 Regular Meeting Minutes, with the following amendments:

Page 1, Attendance:

PRESENT: *Selectman Ed Chmielewski*

Page 13, 2nd paragraph, 4th line:

...which is non-negotiable, and the ~~\$106,000.00~~ *\$106,348.00* technology upgrade, which will be moved to...

Page 14, paragraph following the Motion:

The revised BOE proposed budget for FY2020/21 is ~~\$11,326,000.00~~ *\$11,325,886.00*.

Discussion: None. Voice vote, 6-0, all in favor.

2. SUPPLEMENTAL APPROPRIATION PER SECTION 10.09 OF SALEM TOWN CHARTER IN THE AMOUNT OF \$11,797.62 FOR THE SALEM VOLUNTEER FIRE COMPANY

SVFCO Chief Gene Maiorano called in and stated that the SVFCO is applying for an approximately \$248,000.00 Firefighter FEMA (Federal Emergency Management Agency) 5% Matching Grant for 22 (twenty-two) SBCA (Self-Contained Breathing Apparatus) Air Packs. Though the item is included in the Town's FY2023/24 to FY2025/26 Capital Plans for a total of \$305,000.00, the amount will not be sufficient enough to provide the necessary number of Air Packs needed for both Fire Companies. The requested appropriation would only be expended in FY2020/21 if the grant is awarded. The funds must have been appropriated by the Town prior to the receipt of the grant or the grant will be forfeited.

M/S/C: Collins/Griggs, to approve the appropriation of \$11,800.00 to the Town of Salem FY2020/21 Capital Plan budget for the GLVFCO/SVFCO SBCA Replacement (Line Item 24). Discussion: The Line Item will be annotated to indicate that the appropriation is for the SBCA Air Pack Replacement for the SVFCO and is a partial funding of the item, pending the receipt of the Firefighter FEMA Matching Grant. Board Member Wojcik felt that the receipt of a matching grant in which

Town need only provide 5% of the total cost would be phenomenal. Voice vote, 6-0, all in favor.

3. ACT ON PROPOSED APPROPRIATIONS FOR FY2020/21

A. TABLED ITEMS – none

B. FINALIZE BUDGET FOR PUBLIC HEARING

Overview

The expenditures and revenues, as previously agreed upon by the Board, are as follows:

General Government Expenditures	\$ 4,045,268.00
Capital Expenditures	\$ 1,937,656.00
<i>includes SVFCO SBCA Replacement (Agenda Item 2) and the BOE Technology Upgrades</i>	
<u>Board of Education Expenditures</u>	<u>\$ 11,325,886.00</u>
TOTAL EXPENDITURES	\$ 17,308,810.00
General Government Revenue	\$ 12,893,773.00
<u>Board of Education Revenue</u>	<u>\$ 2,630,317.00</u>
TOTAL REVENUE	\$ 15,524,090.00
TOTAL DEFICIT	\$ 1,784,720.00*

* \$1,784,720.00 is the equivalent of 4.68 mil (1 mil = \$381,440.00), based on the Grand List amount of \$381,439,836.00.

Revenues

The following additional reductions were made to the Town's projected revenue:

Department 96 – Revenue from the Use of Town Money	
Line Item 064, General Fund	– \$35,000.00
<i>reduced to \$10,000.00 due to a reduction in prime interest rates</i>	
Department 91 – General Property Taxes	
Line Item 050, MV Supplement	– \$25,000.00
<i>reduced to \$100,000.00 due to an expected delay in mid-year vehicle(s) purchases due to the Coronavirus crisis</i>	

The revised total projected revenue for the General Government is \$12,893,773.00.

Clerk Collins stated the importance of explaining to the public that, while the budget reflects an increase of \$98,994.00 for the Education Equalization Grant, i.e. ECS (Educational Cost Sharing) Grant, (Department 93, Line Item 4-093-035 – State/Federal Grants for Education, Education Equalization) the Town is actually receiving a *decrease* of \$102,576.00. The line item shows an increase because the Town was cut less than was projected in the previous year.

Capital Plan

The Capital Plan, as previously agreed upon by the Board, was allocated as follows:

Board of Education (<i>includes Technology Upgrade</i>)	\$ 670,407.00
Recreation	\$ 68,499.00
Public Works	\$ 667,255.00
Gardner Lake Volunteer Fire Company	\$ 14,000.00
Salem Volunteer Fire Company (<i>includes SBCA Replacement</i>)	\$ 147,300.00
<u>Town of Salem</u>	<u>\$ 370,195.00</u>
TOTAL	\$ 1,937,656.00

Utilizing the allocation of 10% (or less) of their overall budget to Capital items that was agreed to by the Board the previous year, the resulting overage is \$804,691.00. After much discussion, the Board agreed to remove the following items from the FY2021/22 Capital Plan:

BOE Library Carpet Replacement	\$ 22,267.00
BOE Front & Back Lot – Paving, Milling	\$ 175,000.00
BOE Sound System Gymnasium	\$ 17,292.00
Recreation Volunteer Park Pavilion	\$ 45,000.00
PW Field Groomer	\$ 19,107.00

The Board also reduced the allocation of funds to the following line items:

BOE Technology Upgrade – <i>reduced to \$100,000.00</i>	\$ 6,348.00
Discussion ensued regarding the BOE's Technology Plan/Inventory List that was provided by the BOE. In reviewing the Inventory, it was noted that the list includes funding for computers for the office staff, which the Board agreed could be postponed. As such, the request was reduced by \$6,348.00.	
Town of Salem Roof – <i>reduced to \$35,195.00</i>	\$ 10,000.00
Town of Salem Library HVAC System – <i>reduced to \$295,000.00</i>	\$ 5,000.00
SVFCO Gear & Hose – <i>reduced to \$13,000.00</i>	\$ 2,500.00
GLVFCO Gear & Hose – <i>reduced to \$11,500.00</i>	\$ 2,500.00
PW Road Rehab/Improvements – <i>reduced to \$390,071.00</i>	\$ 35,000.00

And, the following line item was added:

BOE Teachers' Retirement Incentive Plan	+ \$ 150,000.00
BOE Chairman Reith called in and stated that the BOE voted to offer a \$25,000.00 Teachers' Retirement Incentive Plan to the six (6) Step 12 teachers who would qualify. It is unknown at this time as to the benefits, if any, the incentive might include. There are currently 21 (twenty-one) Step 12 teachers earning a salary of approximately \$87,000.00.	

The revised FY2020/21 Capital Plan total is \$1,764,934.00, reducing the deficit to \$498,317.00.

M/S/C: Griggs/Cadwell, to approve the allocation of \$1,764,934.00 to the Town's Capital Plan budget. Discussion: None. Voice vote, 6-0, all in favor.

General Government

The Board Members discussed the cuts that could be made to the General Government budget, which has an increase of \$104,264.00, primarily due to the \$102,000.00 for the revaluation. First Selectman Lyden urged, and the Board agreed, not to cut the budgets for the Gardner Lake and Salem Volunteer Fire Companies or the Ambulance.

The Board agreed to allocate the funds for the following line item from the Town's Unassigned Fund Balance:

Revaluation	\$ 102,000.00
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M/S/C: Salas/Griggs, to approve the allocation of \$4,045,268.00 to the Town's General Government budget. Discussion: None. Voice vote, 6-0, all in favor.

Board of Education

The BOE's increases are as follows:

Salem School	\$ 338,437.00
Central Office	\$ 19,307.00
East Lyme High School (ELHS)	\$ 522,917.00
Out of District Services	\$ 126,281.00
TOTAL PROPOSED INCREASE	\$ 1,006,942.00

The Board agreed to fund the increases for the ELHS Tuition and Out of District Services costs and move the technology upgrades to the Town's Capital Plan, leaving their discussions to center around the remaining increases.

Clerk Collins proposed increasing the BOE's budget by 6.28%, taking into account the technology upgrade that has been moved to the Town's Capital Plan and the other line items that have been moved from the BOE budget to the Town's budget, including the Cleaning Supplies, Weekend Custodians, and restoration of Bingham/School Field. Increasing their budget by Clerk Collins' proposed increase would result in a cut of approximately \$245,000.00. He added that their budget has other issues, including line items that appear to be reductions, but are not actual reductions. Rather they are increases over the actuals, i.e., a reduction of the increase, that they are unable to justify. He disagreed with Board Member Salas who felt that the Board should utilize part of their Unassigned Fund Balance to help the BOE balance their budget, reiterating his opposition to the Town's usage of its Unassigned Fund Balance for operating costs. Doing so would build in future deficits, resulting in an ongoing practice of utilizing their Unassigned Fund Balance until it is depleted and/or raising the mil rate, which is what has led to the State's fiscal crisis.

The history of the BOE budget was briefly discussed as the Board Members recognized that their budget reflects an overall decrease. Board Member Casciano viewed the budget in terms of cost per student and found that their costs have remained, relatively, flat over the years. The Board also noted that, based on the contract between the Salem BOE and Teachers Union, effective July 1, 2019 to June 30, 2020,

The optimum instruction group size for kindergarten through Grade 3 shall be 1:25 and in Grades 4 through 8, the optimum instructional group size shall be 1:27. When any instructional group reaches the optimum, a paraprofessional shall be provided.

With this in mind, there is only one class that would require an additional teacher or paraprofessional. And, as such, Board Members Salas and Bourgeois suggested the possibility of cutting \$140,000.00 from the BOE budget. The Board also discussed the unpredictable nature of the special education students and the resulting reduction in the funds allocated to the regular education students to balance their budget to compensate for those unexpected expenses. Following a brief discussion, the Board agreed to cut the BOE proposed budget increase by \$150,000.00.

M/S/C: Salas/Griggs, to approve the allocation of \$11,175,886.00 to the Board of Education budget. Discussion: None. Voice vote, 6-0, all in favor.

Following a brief discussion regarding the Teachers' Retirement Incentive, the Board agreed to add a line item to their FY2020/21 Capital Plan in the amount of \$150,000.00 for up to six (6) teachers. Should a teacher(s) accept the incentive, the funds would derive from the Town's Unassigned Fund Balance.

M/S/C: Collins/Bourgeois, to approve the allocation of up to \$150,000.00 in FY2020/21 from the Unassigned Fund Balance to fund the Teachers Retirement Incentive of up to \$25,000.00 each for teachers who are currently at Step 12. Discussion: BOE Chairman Reith confirmed that the incentive, as offered, is not spread out over two years. Voice vote, 6-0, all in favor.

Use of Unassigned and Assigned Fund Balances

There are two funds from which (some of) the funds to balance the budget might derive:

Unassigned Fund Balance (currently at 22.3%)	\$ 3,344,660.00
<u>Assigned Fund Balance (to be utilized for Capital Items only)</u>	<u>\$ 993,000.00</u>
TOTAL	\$ 4,337,660.00

Upon the advice of the Auditor, the excess funds in their Unassigned Fund Balance (Rainy Day Fund) were moved to an Assigned Fund Balance that is to be used for Capital Items only. Based on their previous discussions, Chairman Dickson utilized the amount of 17% of their budget that should be maintained in their Unassigned Fund Balance. As such, their Unassigned Fund Balance should be approximately \$2.5 million and has an overage of approximately \$795,000.00. Because utilizing the funds all at once would be viewed poorly by the rating agencies, it is recommended that only a portion of the funds be utilized.

The Board Members engaged in an extensive discussion as they sought to massage the budget with the goal of proposing a 1 mil tax increase. Clerk Collins reiterated his opposition to utilizing their Unassigned Fund Balance for operating expenses. Based on the most recent number of 15 additional students that will be attending ELHS, it was determined that an additional \$209,264.10 would be needed to cover those costs; the number is based on the

attendance of 15 *regular* education students with a cost of \$13,950.94 per student. Board Members Bourgeois, Collins, and Griggs agreed to allocate \$200,000.00 from the Unassigned Fund Balance to cover the costs of the increased number of ELHS students.

The Board Members also agreed to allocate a total of \$902,000.00 from their respective Unassigned (\$600,000.00) and Assigned Fund Balance (\$302,000.00) accounts, leaving the Town with a deficit of approximately \$559,998.00 which equates to a 1.46 mil rate increase or 4.6% tax increase.

Clerk Collins stated that he would, reluctantly, vote in favor of the proposed budget and would allow the residents to make the final decision. He did not feel that the budget would be sustainable and noted that there are structural changes that could and should be made. Board Member Salas felt that this was a realistic budget.

First Selectman Lyden reminded the Board that they could opt to adjust the number following the Public Hearing. Per the Town Charter, the Public Hearing must be held by April 15 and may be held in a similar manner due to the Coronavirus, COVID-19. Based upon this evening's meeting, Board Member Griggs suggested the possibility of considering having residents send in e-mails that could be read into the record at the Public Hearing.

M/S/C: Griggs/Salas, to forward the proposed FY2020/21 budget in the amount of \$16,986,088.00 to a Public Hearing, with the date, time, place, and mechanism to be determined by the Board of Finance Chairman and the First Selectman. Discussion: None. Voice vote, 6-0, all in favor.

OLD BUSINESS: *none*

ADJOURNMENT

M/S/C: Salas/Griggs, to adjourn the meeting at 11:05 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