

**TOWN OF SALEM
BOARD OF FINANCE
REGULAR MEETING MINUTES
THURSDAY, APRIL 14, 2022 – 7:00 P.M.
SALEM TOWN HALL – CONFERENCE ROOM 1**

PRESENT

William “Skip” Dickson, Chairman
Marshall Collins, Clerk
Corinne (Cory) Bourgeois
Deborah Cadwell
Janet Griggs
Matt Rucci
John Bernier, Alternate
Maryann Casciano, Alternate

ABSENT

Kate Belleville, Alternate

ALSO PRESENT

First Selectman Ed Chmielewski
Selectman Kevin Lyden

CALL TO ORDER

Chairman Dickson called the meeting to order at 7:02 p.m.

PLEDGE OF ALLEGIANCE

RECOGNITION OF VISITORS: *none*

SEAT ALTERNATE IF NEEDED: *none*

COMMUNICATIONS:

1. A copy of an e-mail from James Rybak (*see Item 3, Public Comment*)
2. A request posed by the public to Board Member Griggs for supporting documentation of the fair market value of the two Town Hall staff positions that received a salary increase

First Selectman Chmielewski stated that comparable salaries for a CCMA II Assessor, Finance Director, and Human Resources Manager were investigated. It was found that the salary for the positions was well below the current average rate. Because both of the individuals have been headhunted and have gone beyond their call of duty, the Board of Selectmen voted in favor of increasing their salaries. The increase was followed by an additional increase by the Board of Finance. Clerk Collins added that one comparable salary is the Salem School District’s Business Manager who does not handle the human resources for the District and whose salary is significantly more.

AGENDA:

1. APPROVAL OF MINUTES:

a. MARCH 24, 2022 BOARD OF FINANCE REGULAR MEETING

M/S/C: Cadwell/Bourgeois, to approve the March 24, 2022 Board of Finance Regular Meeting Minutes, with the following amendment:

Page 9, 4th line:

Board Member Bernier was supportive of an approximately 2% *to 2.5%* increase, based upon the items that are and are....

Discussion: Board Member Bernier felt that a note indicating that the minutes are a draft or unapproved should be placed on documents that are not yet approved. Voice vote, 6-0, all in favor.

2. TREASURER'S REPORT

A. REVENUE SUMMARY

B. TRIAL BALANCE

C. FUND BALANCE

D. OTHER

Treasurer Pam Henry reviewed the *Treasurer's Reports*, stating that there were no unusual occurrences. Board Member Bernier noted that Line Item 330000, Unassigned Fund Balance, should read \$283,503.06. Selectman Lyden stated that the number indicated on the *Balance Sheet* is correct, explaining that the line item is adjusted by the CPA after the Audit is completed. In response to Board Member Rucci who noted that the size of the garbage bags is 10% smaller (Line Item 4-094-053), Selectman Lyden added that the cost of the bags has also increased as has the delivery time, due to supply chain issues. As a result, generic green bags, rather than "Town of Salem" bags were ordered. In response to Board Member Casciano regarding the receipt of the Education Grant, Treasurer Henry stated that the Education Equalization Grant (Line Item 4-093-035) is received three times a year.

3. PUBLIC COMMENTS

Salem Volunteer Fire Company Deputy Chief James Rybak presented the information included in his e-mail to Chairman Dickson and Clerk Collins regarding the proposed FY2022/23 budget. He made note of the following:

- There is no Department in the Budget for Emergency Services
- Department 240, Public Safety, includes items that are not under the Department's purview, including:
 - Line Item 5-240-920, Fire Police
 - Line Item 5-240-921, Fire Training Building – The building was constructed by and is maintained by the Salem Volunteer Fire Company. As such, he felt that the line item should be moved to Department 222, Salem Fire Department. The two (2) daytime paid FF/EMTs would never utilize the building as multiple members would be required to safely conduct a training. He expressed his befuddlement with the Ice & Rescue Training that took place during the winter as a minimum of 14 members should have been present in the interest of safety.
 - Line Item 5-240-960, Gear, FF/EMT – The gear for the two (2) career FF/EMTs was purchased the previous year and is estimated to have a ten (10) year lifespan. As such,

they are not in need of replacement. In addition, the amount of \$17,500.00 is larger than the amount allocated for either of the Fire Companies in the Capital Plan (Line Items 33 and 40).

- He questioned how the funds for Line Item 5-240-970, On-Call Nominal Fee are being expended
- FY2025/26 Capital Plan: Line Items 32, GLVFCO Slip Resistant Flooring Install/Maint; 34, GLVFCO Seal Parking Lot, and; 35, GLVFCO, Building Roof Replacement – He felt that the GLVFCO building is not a town-owned and the town's funds should not be allocated for the maintenance of a non-town-owned property.

Sue Spang, Hartford Road, requested that the Board allow the Superintendent of Schools to speak to correct a comment made by one of the Board Members regarding the Business Manager position in relation to the fair market value of one of the Town Hall positions.

Clerk Collins stated that the Board did not express any objection to the salary of the Salem School District Business Manager salary and felt that such a discussion was unnecessary.

Ms. Spang corrected that the Business Manager does Human Resources.

Michael Flugrad, East Haddam Road, thanked and commended the Board for their hard work. He spoke with respect to salary increases for the Assessor (Department 105, Salaries, Line Item 5-105-106) and Financial/HR Administrative (Line Item 5-105-109). It was explained during the Public Hearing that the large increases were due to the market value of the positions. He questioned how the market value was conducted and whether the same was conducted for other positions. He stated the incredible value the Town has had with their Town Clerk for the past 12 years. He stated that Town Clerk Linda Flugrad has consistently gone beyond the call of duty, meeting and helping the town's residents on her days off, and taking on additional duties without compensation. He explained her various and long list of duties including dog registrations, maintaining and recording land records, election referendums, and vital records. She has also applied for and received grants totaling \$46,500.00. He humbly requested that the Board review the Department and provide her with a 15% salary increase.

4. SELECTMAN'S REPORT

First Selectman Chmielewski thanked the Board for their hard work on the budget. He expressed his surprise with the comments, which he found disheartening and disappointing, made by SVFCO Deputy Chief Rybak. Since acting as the Selectman Liaison to Emergency Services, he and Emergency Services Coordinator Mike Bednarz have been meeting with the Chiefs and Deputy Chiefs of both Fire Companies regularly and have provided their contact information for 24/7 availability so that any questions or concerns can be voiced and addressed. He expressed his appreciation to the volunteers, career firefighters, and Emergency Services Coordinator Bednarz'. He felt that the budget was challenging and was pleased by the

proposed General Government and BOE Budgets. He also expressed the value of all of the town's employees.

Line Item 5-240-960, Public Safety, Gear – FF/EMT (Clerk Collins) – The line item funds, not only the two (2) full-time career FF/EMTs, but also the part-time staff. Multiple meetings have been held during the budget process; it was not made aware that the equipment was not necessary. Emergency Services Liaison Board Member Casciano stated that it is her understanding that the line item is funded to ensure that money is available to equip new hires. Former First Selectman Kevin Lyden stated that funds were moved to the General Government budget in previous years since the full-/part-time hires would be employees of the Town. He would need to investigate whether the number allocated for the gear is adequate, based on its staffing level(s). With respect to the On-Call Nominal Fee, he reminded the Board that additional funds were allocated to the line item through their ARPA Funds. The Fee includes the cost of the volunteer stipends to run the ambulance on evenings and weekends. The line item was moved several years ago from the Town's Salary Department at the Auditor's recommendation. The Fire Police is shared between both Fire Companies and no issues have been raised. Similarly, the Fire Training Building is a town-owned building located on town property. Any valid expenses are covered by the town through the line item. He confirmed that the Salem Volunteer Fire Company is also a town-owned building and the town is willing to pay for and/or provide any maintenance needs. The town is fortunate for all of its volunteers.

It was confirmed that one-time revenue, i.e., ARPA Funds, are being utilized for an ongoing expense, i.e., On-Call Nominal Fee, and would need to be included in future budgets.

Board Member Bourgeois confirmed that part of the funds will be utilized to equip their part-time members, who are currently utilizing gear from the other departments where they are employed full-time, with Salem gear.

SVFCO Deputy Chief Rybak stated that there is gear in their inventory that could be used for new and existing hires. As a resident and taxpayer, he wished to ensure that their funds are appropriately allocated. He confirmed that the gear is fitted to each firefighter and clarified that the gear can be borrowed.

5. FINALIZE BUDGET FOR TOWN MEETING

The Board reviewed the comments received during the Budget Public Hearing. The Board agreed to maintain the revenue amounts and adjust the expenses as follows:

Line Item	Proposed	Reduced to	Reduced by
Department 140 – Utilities			
5-140-710	\$ 9,480.00	\$ 9,085.00	\$ 395.00
<i>Revised Department Total: \$165,790.00</i>			

Line Item	Proposed	Reduced to	Reduced by
Department 230 – Ambulance			
5-230-019, Equipment	\$ 6,385.00	\$ 5,385.00	\$1,000.00
5-230-624, Repair/Maint. of Equip.	\$ 6,575.00	\$ 5,775.00	\$ 800.00
<i>Revised Department Total: \$28,804.00</i>			
Department 240 – Public Safety			
5-240-960, Gear – FF/EMT	\$17,500.00	\$12,500.00	\$ 5,000.00
<i>Revised Department Total: \$123,000.00</i>			
Total Budget Reduction			\$
7,195.00			

The revised variance is -\$829,814.00. There is currently \$379,080.00 in the town's Supplemental Capital Fund.

Estimation of Energy Costs (Clerk Collins) – The estimated increase of 59% in the BOE budget for energy costs compared to the estimated increase of 15%-20% for the same in the General Government Budget was briefly discussed. Board Member Bernier commented on the volatility of energy costs. Board Member Bourgeois felt that, should the resulting cost be higher than estimated, a request for supplemental funding can be submitted.

Capital Plan (Clerk Collins) – Moving the IT Network Upgrades out of the Capital Plan and recommending and/or anticipating that the item would be funded through the town's ARPA Funds as well as the assurance that the ARPA Funds would be received when expected was briefly discussed.

Unexpended Funds & Additional Expected Revenue (Board Member Casciano) – Selectman Lyden estimated that over \$200,000.00 in unexpended funds would be deposited into the Unassigned Fund Balance, raising their Unassigned Fund Balance from 15.8% to 16.5% at the end of the fiscal year. He provided a brief review of the expected additional revenue, including the sale of old Public Works equipment.

Balancing the Budget – Discussion ensued regarding the possible utilization of part of the Supplemental Fund Balance to help balance the budget and offset the deficit. Chairman Dickson estimated that, if they utilize \$200,000.00 from the town's Supplemental Capital Fund, the potential tax increase is 4.99%. Should the Board opt to utilize \$100,000.00 of the Supplemental Capital Fund, the tax increase would be approximately 5.8%.

Clerk Collins stated that the only way to balance the budget, which has a deficit of approximately \$830,000.00, is to either utilize one-time revenue and/or increase taxes. Other factors, including the expected decrease in ECS Funding, annual spending increase, and On-Call Nominal Fees, will increase the town's deficit in the following year by approximately \$1.5 million, a 10% to 11% tax increase. He expressed his discomfort with the budget and stated the importance of being honest with the public regarding their fiscal outlook. Board

Member Bernier felt that the town's revenues and Unassigned Fund Balance would grow based on past history. Board Member Casciano agreed with both Board Members Collins and Bernier and wished to remain optimistic. The questions the Board will need to answer are: how much of their Supplemental Capital Fund they will utilize, how much they will rely on the unexpended funds, and how large the tax increase will be. She felt that there were too many variables to predict the town's fiscal future beyond the coming year.

Board Member Griggs felt that any additional cuts to the BOE's proposed budget increase would prove difficult. She reminded the Board of the Bond Counsel's advice to spend down the balance of the town's Assigned Fund Balance over a period of time and not all at one time and of her past comments regarding the danger of maintaining a flat budget over the years that would eventually result in a large jump in the mil rate. It was corrected that the Unassigned Fund Balance must be spent down over a period of time; the same rule does not apply to the Supplemental Capital Fund. Also, it was noted that funds were available at the time to avoid a tax increase and, because of the expected revaluation, the Board decided to maintain the mil rate. Board Member Bourgeois stated that the town had a deficit of \$327,000.00 in 2021, \$693,000.00 in 2022, and will now have a deficit of \$829,000.00. Because all of the departments return funds at the end of each year, she felt that their budgets should reflect a more accurate amount of their expected expenditures.

Selectman Lyden noted that \$160,000.00 of this year's \$200,000.00 return derives from additional revenue. As such, the Board could opt to raise the revenue to 98%, based on the current trends. Board Member Griggs recommended that the revenue amounts be maintained and half or \$200,000.00 of the Supplemental Fund Balance be used to help balance part of the budget. Board Member Bernier felt that maintaining a sufficient Unassigned Fund Balance builds confidence and that it would be acceptable to expend part of their Supplemental Fund Balance should they have a surplus in Capital funds the following year. He supported the use of \$200,000.00 of the Supplemental Fund Balance, adding that his support of the budget should not be confused with whether he likes it or not. He is not aware of any options to improve the budget without proposing massive cuts. Board Member Rucci was agreeable to utilizing \$200,000.00 of their Supplemental Fund Balance to help reduce the tax increase to just below 5%. Board Member Casciano agreed with Chairman Dickson. Board Member Bourgeois expressed her dismay with the budget, as a whole, and commented on its unsustainability. Clerk Collins agreed with Board Member Bourgeois, stating that the budget is at a deficit that will continue to grow.

Discussions regarding salaries were deferred to the Board of Selectmen. Board Member Griggs cited the risk of providing salary increases to only part of the staff.

M/S/C: Griggs/Rucci, to accept and send the FY2022/23 Budget with a total expenditure of \$16,724,301.00 to a Town Meeting to be held on Wednesday, May 5, 2021 at 7:00 p.m. The Budget will be as follows:

General Government	\$ 4,398,313.00
Board of Education	\$ 11,327,158.00
<u>Capital Expenditures</u>	<u>\$ 998,830.00</u>
	\$ 16,724,301.00

Discussion: The total budget reflects a reduction of \$7,195.00 from the originally proposed amount. Roll Call vote, 4-2, all in favor. Voting in Favor: Board Members Cadwell, Casciano, Griggs, and Dickson. Voting in Opposition: Board Members Bourgeois and Collins.

M/S/C: Rucci/Cadwell, to preliminarily expend \$200,000.00 from the Town's Supplemental Capital (Assigned) Fund Balance. The proposed utilization of the funds will reduce the budget deficit to 4.99% which could be, potentially, funded by a tax increase. Discussion: In response to Board Member Casciano who questioned the reasoning behind not utilizing more of their Supplemental Capital Fund Balance, Chairman Dickson stated that his reasoning was, in part, to reduce the tax increase to 5% or lower and ease the following year's budget deficit; utilizing the entire amount would increase the following year's budget deficit. With the potential revenue increase, the tax increase would not be extravagant. Roll Call vote, 4-1-1. Voting in Favor: Board Members Cadwell, Casciano, Griggs, and Dickson. Voting in Opposition: Board Member Collins. Voting in Abstention: Board Member Bourgeois.

The Town Meeting, where the budget may either be maintained or reduced, will be held on Wednesday, May 4, and will be followed by the Budget Referendum on Wednesday, May 11. Should the Referendum pass, the budget will be finalized and the mil rate will be determined. Should the Referendum fail, the Board will return and continue their budget discussions.

6. LIAISON REPORTS

a. BOE

The Board reviewed and discussed the Summary Report provided by BOE Liaison Board Member Griggs.

BOE Class Size Policy vs. Salem Federation of Teachers Contract Class Sizes (Casciano) – BOE Chairman Reith stated that the Policy Committee is in the process of amending the Policy to provide guidance regarding the minimum and maximum class sizes for budgeting purposes. The Policy has not yet been presented or approved by the BOE. The Committee's discussions include the differences in the numbers stated in the Certified Teachers' Contract and the Policy as well as in nationwide studies.

Leaves of Absence (Board Member Casciano) – Board Member Casciano felt that, based on her personal experience, it is detrimental to the students should a teacher take a leave of absence for an extended period and not be replaced by a temporary teacher. BOE Chairman Reith and Superintendent Brian Hendrickson explained the sick time policy and

process, confirming that teachers can donate portions of their accrued sick time to their colleagues. The sick bank requires an MOU (Memorandum of Understanding) and not all employees have the same amount of sick days. To the best of his knowledge, Superintendent Hendrickson stated that there have been three cases in the last ten years in which an extended leave of absence was granted. In such cases, every effort was/is made to ensure that the best alternative is selected for the given classroom. It was clarified that the leave of absence request was not received by a classroom teacher.

Short-/Long-Term Disability (Clerk Collins) – Teachers have access to FMLA (Family Medical Leave Act) and other mechanisms. Per contract, the number of days vary depending on his/her level.

Principal Salary – Superintendent Hendrickson reported that many school districts have various steps for administrators. On average, the delta between the bottom and top steps for an Administrator is 5%. He noted that the salary for the new Principal is well below the area's average. The BOE is currently evaluating their options regarding the hiring of a Vice Principal.

OLD BUSINESS: *none*

ADJOURNMENT

M/C: Collins/Cadwell, to adjourn the meeting at 9:35 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