

**TOWN OF SALEM
BOARD OF FINANCE
REGULAR MEETING MINUTES
THURSDAY, NOVEMBER 10, 2022 – 7:00 P.M.
SALEM TOWN HALL – CONFERENCE ROOM 1**

**The minutes submitted below have been filed in accordance with
Section 7-342 of the CT 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
Marshall Collins, Clerk
Corinne (Cory) Bourgeois
Deborah Cadwell
Janet Griggs
Matt Rucci
Kate Belleville, Alternate
John Bernier, Alternate
Maryann Casciano, Alternate

ABSENT

none

ALSO PRESENT

First Selectman Ed Chmielewski
Finance Specialist Lisa Jablonski

CALL TO ORDER

Chairman Dickson called the meeting to order at 7:01 p.m.

PLEDGE OF ALLEGIANCE

RECOGNITION OF VISITORS: *none*

SEAT ALTERNATE IF NEEDED: *none*

COMMUNICATIONS:

- a. Copy of a Letter from Atty. Thomas J. Riley regarding the Harassment of Lisa Jablonski

AGENDA:

1. APPROVAL OF MINUTES:

a. OCTOBER 13, 2022 BOARD OF FINANCE REGULAR MEETING

**M/S/C: Griggs/Bourgeois, to approve the October 13, 2022 Board of Finance
Regular Meeting Minutes. Discussion: None. Voice vote, 6-0, all in favor.**

2. TREASURER'S REPORT

- A. REVENUE SUMMARY**
- B. TRIAL BALANCE**
- C. FUND BALANCE**
- D. OTHER**

The Board reviewed the *Balance Sheets* and *Budget vs. Actual* Reports. Treasurer Pam Henry reported that the Auditors are scheduled to provide their annual Audit presentation on December 8. Various State Grant Funds have been received, including the TAR (Town Aid Roads), PiLOT (Payment in Lieu of Taxes), and Municipal Stabilization Grants. Funding received from the "Nickel for Nips" program is temporarily deposited in Line Item 420000-099, State/Federal Grants, Miscellaneous, until a line item is assigned.

3. PUBLIC COMMENTS – none

4. SELECTMAN'S REPORT

A copy of the departmental updates was provided to the Board. First Selectman Chmielewski commended the departments' for their hard work. He thanked the Emergency Services Department, Firefighters, and Resident State Troopers for supporting and keeping the residents safe during the recent well-attended AppleFest event. He forewarned the Board that some unanticipated expenses are expected for ongoing legal expenses. He also reported that he is in the process of developing an Employee Assistance Program.

5. BOE NON-LAPSING ACCOUNT REQUEST PRESENTATION & QUESTIONS

BOE (Board of Education) Chairman Sean Reith expressed his appreciation to Superintendent Brian Hendrickson and Business Manager Kim Gadaree for creating the presentation. He also thanked Chairman Dickson for providing the opportunity to present and discuss the possibility of establishing a non-lapsing account.

Superintendent Hendrickson thanked the Board for allowing them to provide the presentation and provided a copy of a previously submitted memo outlining the non-lapsing account. He reviewed CT General Statute §10-248a which allows school districts to appropriate unexpended funds from the previous fiscal year into a non-lapsing account. Many towns have established the account as a proactive tool to provide financial stability, specifically in the area of special education. The Boards of Education and Finance would work collaboratively to establish the fund's parameters. Per State Statutes, the funding is limited to 2% of the BOE's fiscal year operating budget and a formal request would be made regarding the expenditure of funds from the account. The fund would allow them to be proactive, be good stewards, and add more confidence in making bolder budget assumptions. He explained that significant unexpected expenses result in an operational impact on the school. The fund would also preclude them from requesting additional funding for unexpected expenses that arise throughout the school year.

Extensive discussion ensued regarding the need for a non-lapsing account, including its benefits in relation to the MBR (Minimum Budget Requirement), easing some of the budgetary stress, providing added flexibility, instilling added confidence, and the ability to make bolder budget assumptions as well as concerns related to the need for the account, utilizing funds allocated for regular education students for unexpected expenses for special education (SPED) students, and its fairness to the other Town departments.

Board Member Bourgeois noted that the BOE has consistently returned funds every year since FY2015/16, indicating that they are sufficiently budgeted. In addition, the Board has consistently agreed, without question, to provide any necessary supplemental appropriations to the BOE for unexpected expenses. Superintendent Hendrickson explained that there are a variety of reasons behind the unexpended funds, including staffing changes, heating costs, electrical costs, etc. The non-lapsing account would be especially helpful for balancing any unexpected costs that occur, especially special education costs, without affecting the BOE's operational budget. BOE Chairman Reith explained that the budget includes several assumptions based on available data, e.g., heating and fuel costs, student population, health insurance rates, and special education costs. While the data reflects a positive outcome for each of the years, there have been years during which unexpected occurrences have resulted in budgetary issues that are not immediately evident. The establishment of a non-lapsing account would provide the BOE with a tool that would allow them to make bolder budgetary assumptions and provide them with greater flexibility for posterity.

Board Member Casciano sympathized with the financial issues and stresses around the unexpected enrollment of special education students. She viewed the account as a Special Education Savings Account that the BOE could utilize without taking funds from other organizational expenses. She felt that a 1%, rather than a 2% annual cap, with a time limit might be more appropriate. The account would provide them with an additional tool to ease their financial stress.

Superintendent Hendrickson stated that, while the Statute states that "such deposited amount does not exceed two percent of the total budgeted appropriation for education for such prior fiscal year", the Board of Finance could establish stricter parameters or "guardrails", such as 1% or an annual dollar amount cap and/or a sum total of the fund.

Board Member Griggs expressed her concerns with their current system in which funding allocated for regular education students is being utilized to fund the unexpected enrollment of a special education student.

Business Manager Gadaree added that a non-lapsing account could also avoid an increase in the town's MBR (Minimum Budget Requirement). For example, had the account been established and utilized in FY2018/19 when a supplemental appropriation of funds was

requested and granted, the town's MBR would not have increased. Clerk Collins noted that the penalty waged from such occurrences is very minimal.

Board Member Bourgeois stated that the BOE accounts for over 60% of the Town's budget. Other departments also struggle and are often faced with large, unexpected expenses and are not privy to the establishment of such an account. BOE Chairman Reith agreed and felt that the topic is worthy of further discussion between the Boards of Selectmen, Finance, and Education to determine what is in the best interest of the town. He also noted that the FY2014/15 BOE Budget accounted for 72% of the town's total budget. In addition, the current K-8 enrollment is estimated at 396 students, an increase from the previous year.

Clerk Collins agreed with Board Member Bourgeois' questioning the need for a non-lapsing account, per the chart which indicates that funds have been returned to the Town over the past several years. Unexpended funds that are returned to the Town are deposited into its Unassigned Fund Balance, a.k.a. Rainy-Day Fund. As such, a non-lapsing account would reduce the amount deposited into the Town's Unassigned Fund Balance and/or funds that could be allocated for other expenses or, even, reduce the mil rate. He also believed that establishing a non-lapsing account that may be used for a wide range of educational expenses would provide them with flexibility that they already have and do not need. The establishment of the account would violate good budgetary practices and principles, including its lack of consistency with transparency, shifting of funds that would be deposited into the Town's Unassigned Fund Balance into a BOE Unassigned Fund Balance, and inconsistency with zero-based budgeting. Furthermore, the Board consistently supports all of the town's departments, including the BOE, with any necessary supplemental appropriations for unexpected expenses. While he is willing to further discuss their request, he stated his current opposition.

Superintendent Hendrickson reiterated that funding for unexpected special education costs derives from its regular education costs. While those adjustments were made within their budget in past years, a non-lapsing account would allow them to be proactive without creating any adverse financial impacts on the regular education students. He felt that the account would provide a tool that would allow the town to preserve its Unassigned Fund Balance at an acceptable level and shift the unexpended funds into the non-lapsing account.

The number of towns statewide that have established a non-lapsing account is unknown.

BOE Chairman Reith agreed that the pros and cons and their effect on the town's overall budget would need to be weighed. He provided sample guardrails that could be placed, reiterating that the account would allow the BOE to be proactive, rather than reactive. The account would provide the BOE with an additional tool to prepare for any future budgetary uncertainties and difficulties and would not be expended without the Board's approval. They are open to limiting their expenditures to unanticipated SPED expenses and capping

the amount that is deposited into the account either annually and/or in total. The funds would be deposited into a separate account that is part of the BOE budget. The BOE seeks to ensure that its funds are managed in the best and most efficient way possible and is, ultimately, on the same team with the same goal of doing what is right for the Town of Salem.

Board Member Rucci felt that the account would work much like an HSA (Health Savings Account) and provide the BOE with a type of insurance plan. The guardrails established by the Board of Finance would ensure that the funds do not exceed a given amount and are expended for an agreed-upon purpose(s).

Board Member Bourgeois, who noted that the BOEs budget accounts for over 60% of the Town's overall budget, questioned the fairness of establishing such an account, which, ultimately, increases their budget. The funds that would be deposited into the Non-Lapsing Account could be used for a Capital expense, increase the Town's services, and/or decrease the mil rate, i.e., taxes – all of which would benefit the Town as a whole. In addition, the account has the potential of setting precedence for other departments that do not have the same benefit. Furthermore, all expenditures would require the Board's approval, regardless of whether they derive from the BOEs Non-Lapsing Account or the Town's Unassigned Fund Balance.

Board Member Casciano expressed her understanding of their struggles and budgetary stresses, especially with unexpected SPED expenses. She questioned, based on their historical numbers, how much reserve funding would be necessary to accommodate such expenses. Business Manager Gadaree stated that a \$200,000.00 cap should be adequate. The cap could be flexible, based on their conditions at the time. She added that their budget is carefully crafted with very specific assumptions and unexpected occurrences are dealt with as necessary.

Chairman Dickson stated that the Board or the public does not see the negative impacts that the students have endured due to the adjustments that have been made in the past to help balance their budget. Board Member Bourgeois disagreed, pointing to their statements regarding their maintaining of their level of education and do not hear about any of their deficiencies.

BOE Reith stated that one of the ideas being proposed is to invite the Board to their budget meetings to help increase their transparency and to provide insight into and include them in their budgetary process. Clerk Collins noted that the Board consists of three (3) former BOE members, one (1) member who is inherently involved, and the Liaisons – all of whom are familiar with and understand their process. He looks forward to continuing their discussion, including examining trade-offs that might help balance the flexibility. He also proposed having a referendum on the item and letting the Townspeople decide.

Chairman Dickson thanked them for their presentation and agreed to review their request for further discussion.

6. POSSIBLE ACTION ON ATTY. RILEY LETTER

Clerk Collins recited the letter, dated November 7, 2022, addressed to First Selectman Chmielewski and Chairman Dickson from Attorney Thomas J. Riley, Tobin, Carberry, O'Malley, Riley & Selinger, P.C., (TCORS) Attorneys, into the record. The letter is regarding the harassment of Finance Specialist/Human Resources Administrator Lisa Jablonski based on the findings of Atty. Robin Kallor who conducted an independent investigation into the complaints filed by the employees of the Town of Salem. The complaints involve the defamatory and sexualized statements about Finance Specialist/Human Resources Administrator Lisa Jablonski by Gardner Lake Volunteer Fire Company's (GLVFC) former Chief James Savalle, Director Steven Philopena, and President Cheryl Philopena during their so-called "Coffee Club" meetings in the presence of volunteer members and Town employees. Atty. Kallor determined that their statements and conduct violated the Town's Sexual Harassment Policy and that the GLVFC took no action to investigate and/or remediate the situation after being notified of the complaint. Furthermore, the Fire Company refused its members from being interviewed as part of the Atty. Kallor's investigation. Finance Specialist/Human Resources Administrator Lisa Jablonski appreciated the Town's prompt investigation of the complaints and acknowledges that steps were taken by the First Selectman, as addressed in his letter to the Fire Company, dated August 22, 2022, and memorandum to Deputy Fire Marshal John Cunningham, dated August 24, 2022, these steps are insufficient, do not fully address the matter, and do not appear to have motivated the Fire Company to take any corrective action or address the issue. It has also come to their attention that the First Selectman's letter to the Fire Company was never distributed to its members by its leadership and any information regarding the issue(s) was provided to its members in a limited manner. Furthermore, it was found that the harassment of Finance Specialist/Human Resources Administrator Jablonski was not an isolated incident. Rather, it reflects a pattern of abuse and harassing behavior by GLVFCs former Chief and other members of the Fire Company.

The letter also refers to the disproportionate amount of time dealing with the Fire Company's finances due to their "lack of cooperation and inattention to detail" and questions the Town's continued funding of an organization "which tolerates overt sexual harassment of Town employees and other unacceptable conduct". Atty. Riley recommends that steps be taken to condition the Fire Company and bring a permanent end to their conduct. These steps include making significant changes to its management, barring former GLVFC Chief Savalle from the Firehouse and its related activities, requiring its members to complete sexual harassment training, documented distribution of the Fire Company's

policies to all of its members, and the leadership's commitment to ensure the enforcement of their policies.

Clerk Collins stated the seriousness of the allegations and their potential budget implications, referring to any additional future litigation against the Fire Company and/or the Town. As such, he recommended that the Board draft a written request for monthly reports/updates from the Town and the Fire Company to help them prepare for any budgetary impacts. He also wished to ensure that the Town is protecting its employees and is taking the necessary action(s) to prevent any future incidents that would expose the Town to further liability.

In response to Board Members Dickson and Griggs, who felt that it was not under the Board's jurisdiction to request an update from the GLVFC, Clerk Collins stated it would be unfair to request and receive information from the Board of Selectmen and not the Fire Company. Board Member Bernier, who found the matter unfortunate and disturbing, felt that the Board is limited in its ability to act on the matter. He questioned whether the Town has a policy in place regarding the funding of independent contractors, companies, and/or organizations that do not have ethics and sexual harassment policies in place or violate them. Board Member Casciano applauded Finance Specialist/Human Resources Administrator Lisa Jablonski and the individuals involved for their bravery and courage.

First Selectman Chmielewski stated that the Town is committed to providing professional quality Emergency Services to its residents and a safe workplace that is free of bullying, sexual harassment, violence, and toxicity. He commended the impacted staff members for their courage and bravery and for coming forward and continuing to admirably and seamlessly perform their duties to the Town of Salem. He hopes that the Fire Company will eventually respond to his letter and take the necessary steps to address the matter. He reported that the Town continues to hold monthly meetings with the Fire Chiefs, though he has been informed that GLVFC has not been represented for several months. He plans to continue to safeguard and protect their employees and follow the advice of their legal counsel. He informed the Board that, because Atty. Kallor's letter was just received, the Board of Selectmen has not yet had the opportunity to review the letter. As such, he suggested he speak with the Board of Selectmen and legal counsel before meeting with the Chairman and Clerk to discuss and devise a plan.

7. EMERGENCY SERVICES STUDY REQUEST FOR APPROPRIATION

First Selectman Chmielewski stated that the Board of Selectmen recently voted to approve a request for the supplemental appropriation of \$30,500.00 to fund an update of the 2014 Public Safety Service Organizational Analysis. The Report would address the State's Labor Law updates and numerous changes that have occurred within the Town and its Fire Companies since the original report was drafted. The report is expected to be completed by

February 2023 in time for the finalization of the FY2023/24 budget. It is also possible that the Study will be approved for funding through the Town's second allotment of ARPA (American Rescue Plan Act) Funds.

Discussion ensued regarding whether the Study would be received in time to affect the FY2023/24 budget. Board Member Bourgeois reminded the Board that, in the previous year, the fire companies presented their budget at the end of February. The dwindling volunteer membership and the fire companies' internal issues will, potentially, negatively affect their response time, jeopardizing the health and safety of their citizens. As such, the Report is a necessary budgetary and planning tool that should not be postponed. Board Member Collins expressed his support for the Study, but questioned why the ARPA Committee could not schedule a Special Meeting to approve the allocation of funds. Board Member Bernier, who also supported the Study, expressed his concerns regarding the expectations of the implementation of any significant recommendations that are not under their purview.

M/S/C: Collins/Bourgeois, to authorize the First Selectman to enter into an agreement for an updated Public Safety Service Organizational Analysis, as recommended by the Board of Selectmen, for an amount not to exceed \$30,500.00 (thirty thousand five hundred dollars). The Study is to be provided to the Town on/before February 3, 2023. Discussion: The ARPA Committee will also review the item for possible funding through the Town's second allotment of ARPA (American Rescue Plan Act) Funds. Otherwise, the funding will derive from the Town's Unassigned Fund Balance. A copy of the 2014 Public Safety Service Organizational Analysis will be sent to the Board, for their information. Voice vote, 6-0, all in favor.

8. TOWN INVENTORY STATUS AND REPORT

Board Member Bourgeois stated that a listing of the Town's inventory, with the exception of the Gardner Lake Volunteer Fire Company, is included in their packets. The Board was requested to review the packet in preparation for the upcoming Capital Requests.

9. BUDGET 101

Board Member Bourgeois reported that budget training sessions for 4:00 p.m. and 5:00 p.m. have been scheduled for Monday, November 14. While the invitation was directed to all Board and Commission Chairs and Department Heads, everyone is invited to attend. The purpose of the budget session is to ensure that everyone is informed of the process.

Board Member Griggs requested that, at least, one of the sessions be recorded for those who are unable to attend the presentation. In addition, an evaluation form will be distributed to the attendees for future improvements. At the suggestion of Finance Specialist Jablonski, Chairman Dickson and Board Member Bourgeois agreed to include a discussion regarding the 10-Year Capital Plan in the presentation. First Selectman Chmielewski thanked Board

Member Bourgeois and Finance Specialist Jablonski for preparing and organizing the sessions.

10. LIAISON REPORTS

a. EMERGENCY SERVICES

Emergency Services Liaison Bourgeois reported that the Emergency Management Committee did not meet due to the elections and will be meeting next Tuesday.

b. BOE (Board of Education)

Board Member BOE Liaison Griggs reported that Director of Facilities Diana Rivera discovered that a \$400.00 part was all that was required to repair the flashing signs on Route 85. As such, the item has been removed from the School's Capital Plan. The cost of the roof replacement and HVAC system has significantly increased. As a result, the funds allocated for the project are no longer sufficient. The Building Committee will be reconstituted to discuss and decide on the matter. The contract for the gymnasium sound system was awarded and the work will be conducted when the parts arrive. They are in the process of replacing the School's copy machines, which have reached their end of life. Due to new air quality statutes, additional inspections of the system will be required resulting in an added cost in the line item for the FY2023/24 budget. The BOE's Long Range Planning Committee is in the process of formalizing and prioritizing its 10-Year Capital Plan.

In response to Clerk Collins who questioned the \$1,527.00 in overtime costs due to a shortage in the custodial staff, Finance Specialist Jablonski stated that additional costs to the Town were incurred due to the additional cleaning that was required during the height of the pandemic. The Town continued to receive bills from the School for the additional custodial services after the additional cleaning had ceased, which she questioned and had the charges reversed. The custodial services for the Town are included in an in-kind services agreement between the Town and the School.

11. CAPITAL PLAN DISCUSSION

The Board reviewed the revised letter regarding the Capital Plan Requests to the Boards/Commissions and Departments. The following changes will be made:

1st paragraph, 4th sentence:

Submissions will not be accepted past ~~December 2, 2022~~ *November 30, 2022, 5:00 p.m.*

1st paragraph, last sentence:

This helps the BOF work to plan...the potential need to *borrow or* bond...

2nd paragraph, 2nd sentence:

You may drop printed packets ... to ~~meredith.eisenberg@saalemct.gov~~
alesha.brothers@saalemct.gov for her to print...prior to the December ~~9~~ *8* Meeting

It was clarified that supporting documentation will be required for current-year Capital Requests. Requests for outlying years will not require any documentation.

M/S/C: Collins/Bourgeois, to approve the Capital Plan Requests Letter, as amended.

Discussion: The letter will be sent on Monday, November 14, by Finance Specialist Jablonski. Voice vote, 6-0, all in favor. Meeting adjourned.

OLD BUSINESS: *none*

In response to Board Member Bernier who questioned the deadline date for the Grand List, Clerk Collins believed that, per State Statutes, the deadline is the same for all years, including revaluation years.

ADJOURNMENT

M/S/C: Collins/Bourgeois, to adjourn the meeting at 9:57 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

A VIDEO RECORD OF THE MEETING CAN BE FOUND ON THE TOWN'S WEBSITE UNDER BOARDS & COMMISSIONS – BOARD OF FINANCE – MEETING VIDEOS