

**TOWN OF SALEM
BOARD OF FINANCE
SPECIAL MEETING MINUTES
THURSDAY, JANUARY 25, 2018 – 7:00 P.M.
SALEM TOWN OFFICE BUILDING**

PRESENT

George Householder, Chairman
Deborah Cadwell
Marshall Collins
Janet Griggs
John Houchin
William “Skip” Dickson, Alternate (*seated*)

ALSO PRESENT

First Selectman Kevin Lyden

ABSENT

Hernan Salas
Corinne (Cory) Bourgeois, Alternate
Michael Jensen, Alternate

GUESTS

Senator Paul Formica
Representative Holly Cheeseman

CALL TO ORDER:

Chairman Householder called the meeting to order at 7:00 p.m.

RECOGNITION OF VISITORS: *none*

SEAT ALTERNATE IF NEEDED:

M/S/C: Griggs/Collins, to seat Alternate Board Member Dickson for Board Member Salas.

Discussion: None. Voice vote, 5-0, all in favor.

COMMUNICATIONS: *none*

ADDITIONS TO THE AGENDA: *none*

AGENDA:

1. INVITED GUESTS: SENATOR PAUL FORMICA AND REPRESENTATIVE HOLLY CHEESEMEN

Chairman Householder introduced and welcomed State Senator and Appropriations Committee Co-Chairman Formica and State Representative Cheeseman, who responded to the Board’s questions regarding the State of Connecticut and the budget.

In response to Board Member Collins, Senator Formica stated that additional cuts are expected for this year’s budget. The Legislators are preparing to enter into the Short Session and Hearings with all of the Agencies are being scheduled to discuss the budget for the next fiscal year. While Governor Dannel Malloy is proposing that \$50 million of the State’s current deficit of \$206 million derive from cities and towns, the Senate and House Republicans are aiming to fight to protect and shield municipalities from any further cuts.

In response to Chairman Householder's question regarding the State's November holdbacks, Senator Formica stated that a bi-partisan budget was overwhelmingly passed. Knowing that the State's revenues would come in well below the projected amount, their budget included reductions in overtime, consolidation and lay-offs of mid-level positions, and consolidation of HR, IT, and Attorney functions. The Governor's Deficit Mitigation Plan, instead, opted to have \$91 million derive from cities and towns. Part of the revenue shortfall consisted of less than expected funds from sales and income tax collections and the Federal Medicaid Savings Program, which provides premium support of insurance payments for the low-income, elderly, and disabled residents. The questions as to how to best remedy the State's budget deficit and how to move forward into the future remains.

Board Member Griggs questioned the MBR (Minimum Budget Requirement) Policy for education. The Town pays East Lyme a cost based upon the anticipated budget and the budgets never reconcile at the end of the year. As the result, the difference is paid for by one of the districts the following year, adversely affecting the MBR for one of the districts. She expressed her concern regarding the MBR as towns are increasingly encouraged to regionalize their services; she would like to be ensured that towns are not penalized due to any such State mandate(s). Senator Formica stated that they have requested information from the Office of Legislative Research and Office of Fiscal Analysis, both of which are monitoring the situation. Representative Cheeseman agreed that the MBR has adversely affected towns and that they should not be penalized for instituting such efficiencies and behaving in a responsible manner.

Board Member Houchin inquired as to what adjustments to the MBR they foresee to help small towns address their funding losses and decreases in population. He would like to see more flexibility rather than a one size fits all approach, which would help the smaller towns that would be more adversely affected by such losses. Senator Formica stated that a new ECS (Educational Cost Sharing) Formula, which addressed changes in population, income levels, English Language Learners and the ability to plan for the future by limiting losses to no greater than 5%, was created, but never materialized. The Republicans also advocated the complete elimination of the MBR for Non-Alliance Districts. In the current budget, municipalities are able to reduce their MBR dollar for dollar for any reduction in the municipality's ECS appropriation. He felt that they are not embracing the new economy and technology and stated the importance of becoming better educated in these matters so that they can conduct business in a more efficient manner that, in turn, would, in part, resolve some of these issues. Conversations regarding the institution of a new process and policy are ongoing. Representative Cheeseman reported that she recently discussed the need to create better efficiencies, including instituting a State buying consortium, with East Lyme's Superintendent of Schools Jeff Newton.

Based upon the current rules and regulations, Board Member Houchin asked what legislation they see deriving from the Short Session that would assist small towns in their effort to be more efficient and effective. In this respect, Representative Cheeseman stated that she introduced a bill requiring any new mandates involving expenditures be passed with a two-thirds majority vote by

both the House and the Senate. Senator Formica stated that the sharing of superintendents, changes to prevailing wage changes, and mandate relief are among the legislation they plan to present. A number of Legislators have served as Mayors, First Selectman, and/or a member of the Board of Selectmen and understand the issues with which small towns are confronted.

With regards to binding arbitration, Senator Formica stated that there is clause in the budget regarding binding arbitration that alters the formula. In the current budget, regionalization opportunities do exist in the form of opening contracts for collective bargaining and bargaining impact.

Chairman Householder expressed their concerns regarding teachers' retirement payments, which would lead to the demise of, especially, small towns if they are required to fund the payments. Senator Formica stated that the proposal was dismissed due to the detriment it would cause if instituted. He also felt that the teachers' retirement payments is similar to the Resident Trooper Program in which Resident State Trooper towns are paying an unfair amount toward back pension debt. The issue should be further reviewed and revised.

The Board thanked both Senator Formica and Representative Cheeseman for attending the meeting and answering their questions. Senator Formica, likewise, thanked them for the invitation, invited them to contact him should they have any additional questions and/or concerns, and thanked them for doing what they do as they tackle the issues of both the State and Town.

2. APPROVAL OF MINUTES: JANUARY 11, 2018 BOF MEETING

M/S/C: Collins/Houchin, to approve the Board of Finance Regular Meeting Minutes of January 11, 2018. Discussion: None. Voice vote, 6-0, all in favor.

3. ACT ON PROPOSED APPROPRIATIONS FOR 2018-2019

A) #930 CAPITAL EXPENDITURES

The Board reviewed the 10-Year Capital Plan and discussed/made the following adjustments on the Capital Plan for Fiscal-Year 2018-2019:

Line 1, BOE Replace Roof Top A/C Units	\$ 175,000.00
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Line 3, BOE Replace 1994 Roof (moved from FY 2019/20)	\$ 100,000.00
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Superintendent Onofrio confirmed that the roof is 20 years old and qualifies for the 40-50% reimbursement from the State and that they would be ready to start the project within the next 16 to 17 months.

Board Member Houchin proposed investigating the possibility of installing solar panels on the school to help offset electricity costs.

Line 4, BOE Front & Back Lot – Pave, Mill, Stripe, Curbing	Removed
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Chairman Householder proposed borrowing funds for the Roof, A/C Units, and Paving over a 7-year period. All of the items have a life expectancy of 20 to 25 years. Extensive discussion ensued regarding the financing of the paving and alternative paving methods. It was agreed to revisit the paving of the parking lots and financing only the Roof and A/C Units.

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Line 16, Recreation – Volunteer Park – Concession Stand:	Removed
Line 22, PW Large Snow Plow Truck #1:	\$ 107,000.00
\$45,000.00 was added to replace the body of a 13-year old International Bullseye Plow Truck (PW Large Snow Plow Truck #5), adding +/-10 years to the life of the vehicle. The Board previously agreed to purchase one new plow truck every three years, allowing them to have six plow trucks, each estimated to last 15-18 years	
Line 34, PW Road Improvement (increases 2% annually)	\$ 408,565.00
Line 39, GLVFCO/SVFCO Exhaust System & Hurst Tools (payment 3 of 4)	\$ 48,964.00
Line 42, GLVFCO Fire Fighting Turnout Gear and Hose	\$ 14,000.00
Line 46, GLVFCO Fire Rescue Boat	Moved to FY2023-24
Line 51, SVFCO Engine Tanker	\$ 250,000.00
The Tanker is estimated to cost \$780,000.00. The amount might be reduced, depending upon the HGACBuy Public Safety Project Plan. The NFPA (National Fire Protection Association) recommends that fire trucks be replaced every 25 to 28 years.	
Line 52 SVFCO Replacement Gear & Hose (increased from \$12,000.00)	\$ 15,000.00
Line 53 SVFCO Storage Building	\$ 25,000.00
Line 54 SVFCO F-350 for Fire Police	Removed
In exchange, it was requested to move Line 55, SVFCO F-350 for Replacing R-1 Medical Response Vehicle, from FY2021/2022 to FY2019/2020 and revising the amount from \$70,000.00 to \$75,000.00	

Current Capital Projects – The expenditures for the Salem Volunteer Fire Company and Gardner Lake Valley Fire Company are on target. It was noted that Line 44, GLVFCO Thermal Imaging Cameras (2), was previously adjusted to \$6,995.00 from \$7,800.00. Items that have been completed or will be closed out at the end of the fiscal year include:

- Parking Lot Rehab, Library Interior Upgrade – Carpet;
- Paving/Construction of the Library Driveway;
- School Building Committee, which was not closed out due to a roof leak, and;
- School Tile Replacement, which was approved prior to the renovations;
- Track and Athletic Field Upgrade, which will require ongoing maintenance;
- Town of Salem (Multiple Use) Magnum 6000 Watt Light Tower, towable

The Fuel System Replacement Project is ongoing. The Town plans to fund the remainder of the project through a STEAP (Small Town Economic Assistance Program) grant; the goal is to install an aboveground tank.

Public Works Director Bourdeau stated that they are currently investigating the possibility of using a type of paving material known as NovaChip, which is widely used in New York and

Western Connecticut and is approximately half the cost of the asphalt that is currently being used. He is in the process of encouraging a local vendor to install a silo to manufacture and house the product. Roads that are slated for road rehab include Corrina Lane, Emerald Glen Lane, and Diamond Hill Road.

The Trail Grant for the Multi-Purpose Path remains active until August; an update will be requested. The Recreation Commission is in the process of re-evaluating the Forsyth Road Well, Septic, and Bathroom project.

In response to Board Member Dickson, Chairman Householder explained that funds that are allocated to Capital Projects must be completed within two (2) years. After two years, any remaining funds are absorbed back into the General Fund. The Board may vote to extend the funds, by request. Chairman Householder proposed the possibility of designating the remaining funds to the Capital Reserve Fund rather than the General Government in the near future.

B) 10 YEAR CAPITAL PLAN

A quarterly report of the Capital Plan will be provided to the Board.

The following item will be added to the Capital Plan:

FY2026/27	PW Large Snow Plow Truck #5	\$65,000.00
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Gardner Lake Valley Fire Company Chief Jim Savalle corrected that the previous roof was installed in 2004, not 2007 (Line 47, Building Roof Replacement for FY2019/20).

In response to Chairman Householder, the Fire Companies will investigate the specifications, age, and longevity of the SCBA (Line 37, GLVFCO/SVFCO SCBA Replacement), which is on the 10-Year Capital Plan for FY 23/24, FY24/25, and FY25/26.

In response to Chairman Householder, Public Works Director Bourdeau stated that the issue regarding the BOE Boilers (Line 2, BOE Replace 1994 Boilers), which have a 30-year life expectancy, has been remedied. Because no issues have arose, they might be able to postpone the purchase of a new boiler from FY19/20 to FY23/24. With regards to the generator, he stated that they are currently investigating the possibility of applying for a grant to upgrade the generator at the School. The current generator does not cover the entire facility. When the generator is replaced, they are considering moving it to the Town Hall/Library.

An amended 10-Year Capital Plan will be drafted and distributed to the Board for review.

OLD BUSINESS: *none*

ADJOURNMENT:

M/S/C: Griggs/Collins, to adjourn the meeting at 8:37 p.m. Discussion: None. Voice vote, 6-0, all in favor.

Respectfully Submitted by: Agnes Miyuki, Recording Secretary for the Town of Salem