

**BOARD OF FINANCE MEETING
SALEM TOWN OFFICE BUILDING
SPECIAL MEETING MINUTES
MARCH 22, 2018 – 7:00 P.M.**

PRESENT

George Householder, Chairman
Marshall Collins, Clerk
Deborah Cadwell
John Houchin
Hernan Salas
Corinne (Cory) Bourgeois, Alternate
William “Skip” Dickson, Alternate (*seated*)

ABSENT

Janet Griggs
Michael Jensen, Alternate

ALSO PRESENT

First Selectman Kevin Lyden

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

Discussion: While Board Member Griggs requested that Alternate Board Member Bourgeois be seated in her stead, Chairman Householder stated that the seating of Alternates is traditionally alternated to ensure fairness. Voice vote, 5-0, all in favor.

COMMUNICATIONS:

1. Letter from Salem Volunteer Fire Company Chief Gene Maiorano regarding the financing of the new fire truck
2. Responses to Clerk Collins’ questions from the Board of Education and School

AGENDA:

1. APPROVAL OF MINUTES: March 15, 2018 BOF Regular Meeting

M/S/C: Houchin/Dickson, to approve the Regular Meeting Minutes of March 15, 2018.

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

2. ACT ON PROPOSED APPROPRIATIONS FOR FY2018-2019

A. #240 PUBLIC SAFETY

The budget for Department #240 – Public Safety, which was previously tabled pending further review, reflects an overall reduction of \$2,500.00 and includes an increase of \$1,600.00 for the maintenance costs of the Fire Training Building. The increase will be offset by the revenue earned from the rental of the building.

M/S/C: Collins/Salas, to approve the appropriation of funds in the amount of \$64,200.00 for Department #240 – Public Safety, subject to review and/or revision. Discussion: None. Voice vote, 6-0, all in favor.

B. #925 CAPITAL RESERVE ACCOUNT

M/S/C: Collins/Cadwell, to approve the appropriation of funds in the amount of \$0 for Department #925 – Capital Reserve Account subject to review and/or revision. Discussion: None. Voice vote, 6-0, all in favor.

C. #926 OPEN SPACE LAND ACQUISITION FUND

M/S/C: Collins/Houchin, to approve the appropriation of funds in the amount of \$5.00 for Department #926 – Open Space Land Acquisition Fund, subject to review and/or revision. Discussion: None. Voice vote, 6-0, all in favor.

D. #935 REVALUATION

Revaluations are conducted every five (5) years and approximately \$50,000.00 is budgeted for those years. The next revaluation is scheduled for FY2020/21.

M/S/C: Collins/Houchin, to approve the appropriation of funds in the amount of \$0 for Department #935 – Revaluation, subject to review and/or revision. Discussion: None. Voice vote, 6-0, all in favor.

E. TABLED ITEMS: none

F. FINALIZE BUDGET FOR PUBLIC HEARING

The Board reviewed and agreed upon the budget for each of the following departments:

Department #	Budgeted Amount	Variance: \$	%
#100 – Selectman	\$7,752.00	\$0	0%
#105 – Salaries	\$1,173,952.00	\$31,164.00	2.73%
<i>Increase includes a 2.5% pay increase for all employees, with the exception of the Assistant Tax Collector, Assistant Assessor, Treasurer, and Recreation Coordinator, who will be receiving a pay increase of over 2.5%. Chairman Householder noted that the members of the Board of Selectmen once received stipends and suggested the possibility of considering providing a stipend for the Acting Selectman in the near future. The Acting Selectman is elected at the beginning of the term by the Board of Selectmen and signs any necessary paperwork, including the weekly payroll and accounts payables, and acts as the First Selectman in his/her absence.</i>			
#110 – Building Official/Sanitarian	\$3,803.00	\$221.00	6.17%
<i>Increased due to new field and code books that will need to be purchased in July 2018.</i>			
#112 – Town Clerk	\$15,645.00	-\$180.00	-1.14%
#114 – Treasurer/Auditor/BOF	\$36,985.00	\$0	0%

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#116 – Assessor	\$16,790.00	-\$10.00	-0.06%
#118 – Tax Collector	\$13,655.00	-\$560.00	-3.94%
#122 – Registrar	\$13,515.00	\$1,535.00	12.81%

Increases include election expenses and pay increases for the election workers for the first time in eight (8) years.

#126 – Town Counsel	\$20,100.00	\$0	0%
#134 – Town Office Operation	\$98,000.00	\$0	0%
#135 – Municipal Building Maintenance	\$48,830.00	\$0	0%
#138 – Employee Benefits	\$373,927.00	\$25,902.00	7.44%

The majority of the increase is due to an increase in insurance costs.

#140 – Utilities	\$149,399.00	-\$8,507.00	-5.39%
#152 – Town Services	\$107,704.00	\$16,633.00	

The Board of Selectmen has formed a Bicentennial Committee to plan a series of events to celebrate the Town's 200th anniversary and has requested the allocation of \$10,000.00 to line item 5-152-815 – Memorial Day Parade/Bicentennial Celebration to help fund the event. Discussion ensued regarding an adequate amount to fund the line item. Amounts suggested were \$5,000.00, \$8,000.00, and \$10,000.00.

M/S/C: Cadwell/Salas, to fund line item 5-152-815 – Memorial Day Parade/Bicentennial Celebration in the amount of \$8,000.00, increasing the appropriation of funds for Department #152 – Town Services to \$107,704.00 for FY2018/19. Discussion: None. Voice vote, 4-2. Voting in Favor: Board Members Cadwell, Dickson, Salas, and Householder. Voting in Opposition: Clerk Collins and Houchin.

#157 – Regional Services	\$10,203.00	\$0	0%
#158 – Library	\$34,350.00	\$0	0%
#210 – Security	\$261,046.00	\$9,398.00	3.73%

Note: Should the State increase the cost of the Resident State Trooper Program to 100%, the total cost will increase to \$306,674.00.

#220 – Gardner Lake Fire Company	\$77,470.00	-\$5.00	-0.01%
#222 – Salem Fire Department	\$85,500.00	\$0	0%
#230 – Ambulance	\$42,455.00	-\$15.00	-0.04%
#240 – Public Safety	\$64,200.00	-\$2,500.00	-3.75%
#310 – Public Works	\$256,500.00	-\$2,000.00	-0.77%
#410 – Transfer Station	\$161,101.00	-\$3,169.00	-1.93%
#600 – Economic Development	\$1,500.00	-\$250.00	-14.29%
#610 – Inland Wetlands Conservation Comm.	\$1,350.00	-\$650.00	-32.50%

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#630 – Planning & Zoning Commission	\$14,500.00	-\$5,000.00	-25.64%
#640 – Zoning Board of Appeals	\$800.00	\$0	0%
#645 – Recreation Commission	\$47,100.00	\$5,000.00	11.88%
<i>Due to an increase in line item 5-645-946 – Fee-Based Activities; funds are balanced out by the revenue the activities generate</i>			
#710 – Municipal Insurance	\$121,132.00	\$20,332.00	20.17%
<i>Increased due to increased costs for workers' compensation, liability and property insurance</i>			
#810 – Unanticipated Expense	\$1,000.00	\$0	0%
#910 – Interest Payments	\$122,797.00	-\$13,868.00	-10.15%
<i>It was noted that the budget for this Department will decrease by approximately \$10,000.00/year as the bond decreases</i>			
#920 – Principal Payable	\$409,972.00	\$27,868.00	7.29%
<i>Line item 5-920-000 – School Bond Payment increases to \$325,000.00/year beginning in FY2018/19 until the bond is repaid. Line item 5-920-994 – ELHS Debt Service has also increased, but will be paid off in one year.</i>			
#925 – Capital Reserve Account	\$0	\$0	0%
#926 – Open Space Land Acquisition Fund	\$5.00	\$5.00	
#935 – Revaluation	\$0	\$0	0%

Fund 100 Capital Expenditures

The Board reviewed and agreed upon the following Capital Expenditures for FY201819:

Board of Education	Replace 1994 Roof & AC Units	\$152,000.00
Public Works	PW Snow/Plow Truck	\$62,000.00
<i>One truck is purchased every three years and a payment of approximately \$60,000.00-\$65,000.00 or one-third of the truck is paid annually. There are a total of six (6) trucks with an estimated life span of 18 years.</i>		
Public Works	PW Road Rehab	\$408,565.00
<i>The line item is increased 2% annually</i>		
Public Works	Large Snowplow Truck #5/Replace Body	\$45,000.00
<i>It was agreed to replace the body of the truck, increasing its life span by approximately ten (10) years.</i>		
SVFCO & GLVFCO	Hydraulic Rescue Tools/Exhaust System	\$48,964.00
<i>Third of four payments</i>		
GLVFCO	Firefighting Turnout Gear & Hose	\$14,000.00
GLVFCO	Thermal Imaging Camera(s)	\$5,445.00
<i>The amount was reduced due to funds remaining from the previous payment.</i>		

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SVFCO	Engine Tanker	\$120,000.00
<i>Seven-year loan</i>		
SVFCO	Replacement Gear & Hose	\$15,000.00
SVFCO	Storage Building	\$25,000.00
<i>Second of two payments</i>		

The Capital Expenditures total \$895,974.00, an increase of \$67,732.00 or 8.18%, which is well within their goal of maintaining the Capital Budget within \$1 million. With a healthy Unassigned (and Assigned General Fund Balance) Fund Balance, Chairman Householder suggested the possibility of placing a larger (\$250,000.00) down payment for the SVFCO Engine Tanker Truck, depending upon the funds returned by the General Government and BOE and the State's final numbers, in an effort to decrease the payment amounts and secure a lower interest rate. He also expressed his concerns regarding the State's MSRF (Municipal Revenue Sharing Fund) from which the Town received approximately \$134,000.00 this fiscal year. The State has threatened to take away some of all of the MSRF Funds a town is slated to receive should a municipality increase their budget by greater than 2.5%. As such, it would not behoove the Town to pay for the entire amount of the truck in case either the General Government or BOE returns to the Board in need of additional funding.

Board of Education

The Board reviewed and discussed the budget of \$10,441,673.00 (decrease of 1.01%) for the BOE. Clerk Collins expressed his dismay with the responses and the timing of the responses provided by the BOE to his questions (*see file copy*). He found the characterization of a number of items as either contractual or discretionary in their presentation to be misleading. While the 3% pay increase for both Union and non-Union employees is very generous, he felt that it would not be prudent to offer such pay increases every year, based upon the State's fiscal crisis. In addition, he noted his issues with the addition of a 0.15 FTE Instructional Coach and 0.5 FTE Secretary (non-new hires) who will also be receiving pay increases. Chairman Householder agreed that such pay increases are not sustainable, adding that those on a fixed income have been/are receiving little to no increases and the number of residents in need, as evidenced, in part, by those receiving food items from the monthly Mobile Food Pantry. Clerk Collins also felt that, because the decreases are due to changes in enrollment and special education, their proposed budget actually reflects a 2.69% increase and is a current services budget that is neither sustainable nor correct to package as a budget decrease. In addition, the Town is in danger of ECS (Educational Cost Sharing) reductions from the State. He also questioned the lack of support for the NESDEC (New England School Development Council) enrollment projections in comparison to the enrollment numbers over the last 12 years. Similarly, he felt that additional data, i.e., supporting numbers, should have been provided to support their proposed 504 Case Management and Scheduling increase that required the addition of the 0.5 FTE Secretary position. Though the actual and budgeted

amounts were provided for the last three years for the allocation of the \$36,305.00 for “annual” Facilities Program Improvements, they are not itemized and lack any consistency. He also noted that no response has been received regarding whether the BOE has considered sharing a Superintendent with the East Lyme School District. Based on the MBR (Minimum Budget Requirement), the BOE’s budget can be reduced between 1.5% and 3%, based upon enrollment. While he does not question and trusts the BOE’s decision to purchase additional technology equipment, he does question the increase in salary, staffing, and unsupported numbers. The ratio of students to teachers and students to administrators has grown over the years and it appears that the administrators, in particular, are doing less and asking for more. As such, he expressed his opposition to the proposed budget, which he finds as neither supported nor sustainable.

Chairman Householder agreed that the decrease in their proposed budget is a one-time savings due to a decrease in the number of students who will be attending East Lyme High School and the reduction in special education costs. He also questioned their proposed budget, adding that the BOE currently has a \$430,000.00 in unencumbered funds. Board Member Houchin also concurred and expressed his concerns regarding the pay increases and East Lyme Tuition, which might indicate a savings for the next fiscal year, but will be increased the following year. Board Member Cadwell felt that, while some of the staffing is necessary, their budget could be reduced. Clerk Collins added that the BOE’s proposed budget assumes a flat revenue and does not consider the pending education funding cuts. Board Member Salas, who was not present for the budget presentation, expressed his opposition to the proposed budget as it doesn’t appear to reflect that they are working together with the Town to help deal with the current fiscal situation. Board Member Dickson, who also was not present for the presentation, felt that the cost per pupil average does not appear to follow the trend in enrollment and agreed with Board Member Houchin and Clerk Collins’ concern regarding the projections. He also expressed his concerns regarding the recurring costs and the instructional decreases. Board Member Bourgeois agreed with the Board Members, commenting on the high administration and increased recurring costs, which will rise annually and affect our children’s education.

Chairman Householder suggested the possibility of making an effort to work with the BOE and offering some encouragement by allowing them to utilize some of their current year’s unencumbered funds for the technology equipment and cutting their FY2018/19 budget. He expressed his concerns regarding the possibility of the BOE expending their unencumbered funds, resulting in less funds being returned to the Town and the public’s perception regarding the cuts that the BOE has had to sustain. With this in mind, he would support a smaller cut that is more in line with the Superintendent’s originally proposed budget (dated January 8). Clerk Collins favored the idea of the BOE utilizing some of their unencumbered funds for the purchase of the technology equipment and proposed a cut of \$200,000.00. He reiterated his concerns regarding the recurring items, the State’s pending cuts, and the fact that the proposed

budget is a current services budget. Due to the State's current fiscal crisis, Board Member Salas cautioned the BOE against growing at the same level.

BOE Chairman Sean Reith addressed the Board regarding their concerns, not expecting to change their minds, but to ensure that both of the Boards have a shared, unified set of expectations going forward. He appreciated the opportunity to address the Board and understood the uncertainties surrounding the State's fiscal crisis and its impact on the Town. Their FY2018/19 proposed budget reflects a 1.01% reduction relative to the previous year's reduction and was largely dictated by the needs of the student population and any contractual needs. Should their budget be further cut, it is likely that it would need to be compensated in their future budget(s). With regards to the contractual salary increases, which accounts for the largest percentage of their budget, he stated that, because it is contractual, there may be very little flexibility. The Board will review the increases for the non-contractual staffing employees. He reported that 21 eligible certified staff members, 19 of who are at their top step, were offered an early retirement incentive. The increases in their budget include insurance costs as well as the purchase of additional technology equipment, along with the associated training and materials, which would directly benefit the students. With regards to the NESDEC projections, he stated that a number of school districts utilize their population projections and, in reviewing their projected vs. actual numbers, he has found discrepancies, but, based on the discrepancies, he felt that the numbers should be less concerning. With regards to the staffing additions, he stated that the addition of a 0.15 FTE Instructional Aide is an attempt to provide special education services and resources in-house, which would, ultimately, save funds. He added that the State continues to impose additional burdens on the staff, which led to the necessity of the 0.5 FTE Secretary. In closing, he his willingness to work with the Board and answer their questions; his goal is to be 100% transparent and work with the Board as a team. In response to Board Member Houchin, he stated that he is, personally, not opposed to utilizing part of their unencumbered funds for the non-recurring technology-based materials. Treasurer Kim Gadaree stated that the unencumbered funds are currently approximately \$300,000.00 due to the addition of five (5) new East Lyme High School students. In relation to that, BOE Reith stated his discomfort in any additional budget cuts due to the possibility of unexpected expenses that might arise, reducing their total unencumbered funds.

M/S/C: Houchin/Collins, to approve the appropriate of funds in the amount of \$10,338,225.00, a decrease of \$210,000.00, to the Board of Education for FY2018/19. Discussion: While the Board cannot dictate how their funds should be expended, they were encouraged to expend part of their unencumbered funds for the technology equipment and return any remaining funds to the Town at the end of the fiscal year. Their wish is to avoid the previous year's incident in which a portion of the funds that were slated to be returned to the Town, and upon which the Town based its mil rate, were expended by the BOE for a number of unbudgeted items. Clerk Collins commended BOE Reith and his

leadership and Chairman Householder commended the School on their rankings. He stated the importance of supporting the School, which is important to both the parents and non-parents, alike. In response to Board Member Dickson, Clerk Collins stated that he does not foresee any additional cuts to the current year's fiscal budget, with the exception of the so-called "holdbacks". The Town is expected to continue to experience declining enrollment, a flat population, little to no new businesses, a minimal growth to the Town's Grand List, and massive cuts in State level and/or tax increases in the future. He commended all of the Town Departments on doing a good job with their budgets and encouraged the BOE to do the same. Board Member Salas stated, and Chairman Householder agreed, that he supports the motion and informed the BOE that the Board is always here and willing to listen to their needs and work with them. Voice vote, 6-0, all in favor.

Chairman Householder reported that the Grand List has increased by 0.42% or approximately \$50,000.00. In addition the tax rate for vehicles will be raised to 32.2, which will provide an additional \$7,000.00 in revenue, and \$5,000.00 for Recreation's Fee-based Activities, balancing out the expenditure for the same line item. Though unsure as to the State's cuts, he was, relatively, confident in proposing a zero mil rate increase and is hopeful that, with conservative budgeting practices, they will be able to sustain the same for the near future. The Town's mil rate has stayed relatively stable over the past five years. Chairman Householder will prepare the Public Hearing presentation with Board Member Griggs.

Clerk Collins reported that both he and Board Member Griggs have submitted their dedications for the Annual Report to Administrative Assistant Louise Tyszkiewicz and a photograph of Robyn McKenney will be submitted in the very near future.

OLD BUSINESS: *none*

ADJOURNMENT

M/S/C: Collins/Salas, to adjourn the meeting at 8:45 p.m. Discussion: None. Voice vote, 6-0, all in favor.

Respectfully Submitted by:

Agnes Miyuki, Recording Secretary for the Town of Salem