

**TOWN OF SALEM  
BOARD OF FINANCE  
REGULAR MEETING MINUTES  
THURSDAY, APRIL 12, 2018 – 7:00 P.M.  
SALEM TOWN OFFICE BUILDING**

**PRESENT**

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

**ABSENT**

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

**ALSO PRESENT**

First Selectman Kevin Lyden  
Board of Education Chairman Sean Reith

**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/Griggs, to seat Board of Finance Alternate Member Dickson for Board of Finance Full Member Salas. Discussion: None. Voice vote, 5-0, all in favor.**

**COMMUNICATIONS:**

1. Correspondence with BOE Chairman Sean Reith regarding insurance costs
2. E-mail from Gardner Lake Volunteer Fire Company Chief Jim Savalle regarding the Turnout Gear and Hose on the Capital Plan
3. Correspondence from First Selectman Lyden regarding the insurance cost reduction from 13.69% to 5.7%

**ADDITIONS TO THE AGENDA:** *none*

**AGENDA:**

**1. APPROVAL OF MINUTES: March 22, 2018 BOF Regular Meeting**

**M/S/C: Collins/Houchin, to approve the Regular Meeting Minutes of March 22, 2018.**

**Discussion: None. Voice vote, 5-0-1. Voting in Favor: Board Members Caldwell, Collins, Dickson, Griggs, and Householder. Voting in Opposition: None. Voting in Abstention: Board Member Griggs.**

**2. TREASURER'S REPORTS****A. REVENUE SUMMARY****B. TRIAL BALANCE****C. FUND BALANCE****D. OTHER**

The Board reviewed the *Balance Sheet* and *Budget vs. Actual Reports*. Treasurer Pam Henry reported that Line Item 399999 – Supplemental Capital Fund for the surplus Unassigned Fund Balance was added to the *Balance Sheet*. An adjustment will be made within the budget to balance out the overage in Department 5-170 – Municipal Insurance. BOE Chairman Reith confirmed that, to the best of his knowledge, the BOE's unencumbered funds is still \$343,000.00.

**3. PUBLIC COMMENTS – none****4. SELECTMAN'S REPORT**

First Selectman Lyden commended the Board on last night's Budget Public Hearing and Chairman Householder for doing a good job leading the Board. The Salem Seniors, who met earlier this week, are pleased with the budget process and the Town. Resident State Trooper Chris Pariseau also provided a presentation to the Seniors regarding IRS scams and keeping their cars locked. The church located on Route 354, which was accepted by the Town at a Town Meeting two years ago, has been demolished. The chestnut beams have been preserved and will be posted on Municibid with an opening bid of \$500.00. Other items that have been/will be placed for sale on Municibid include the playground animals and tunnel, a brush hog, dump truck, and chairs. The possibility of selling old computer items is also being investigated.

**M/S/C: Griggs/Collins, to transfer \$8,000.00 from line item 5-138-802 and \$2,750.00 from line item 5-140-735 to line item 5-710-571 – Municipal Insurance: Insurance.**

**Discussion: First Selectman Lyden stated that the Town and School's liability and workers' compensation insurance are under the same policy. After meeting with Business Manager Kim Gadaree at the end of FY2016/17, the insurance costs were re-allocated due to an injury(ies) that was sustained by an employee(s). As the result, line item 5-710-571 – Municipal Insurance is currently over budget. Voice vote, 6-0, all in favor.**

**5. FINALIZE BUDGET FOR TOWN MEETING**

Chairman Householder was pleased with last evening's meeting and felt that the Capital Expenditures were well received.

**M/S/C: Griggs/Collins, to approve and present the Capital Expenditures of \$895,974.00 at the Annual Town Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

Chairman Householder reviewed the budget for the General Government, which was also well received by the public and includes budget reductions in 14 of the 18 Town departments.

Department 138 – Employee Benefits was adjusted from \$373,927.00 to \$361,216.00 due to a reduction in the projected insurance costs.

**M/S/C: Collins/Cadwell, to approve and present the General Government Budget of \$3,780,417.00 at the Annual Town Meeting. Discussion: None. Voice vote, 6-0, all in favor.**

The Board reviewed and discussed the budget for the Board of Education. In response to Board Member Griggs, Chairman Householder stated that, because the numbers for the insurance costs have not yet been confirmed, that particular line item would not be adjusted. BOE Chairman Reith reported that he received an e-mail from Business Manager Gadaree stating that she was able to negotiate a 0% increase in their FY2018/19 medical insurance premiums and a 4.52% decrease in their dental insurance premiums, resulting in a savings of \$46,173.00. After taking into consideration any expected changes due to an open enrollment or qualifying event, the tentative estimated cost savings is \$13,390.00. Board Member Griggs informed him that a motion may be made at the Town Meeting, adjusting their budget, should the number become finalized by then. First Selectman Lyden reminded the Board of the fluidity of the employees' insurance needs. BOE Treasurer Ryan Little confirmed that both the health and dental insurance is included in one line item.

Clerk Collins expressed his concerns regarding the decreasing enrollment and State aid and the increase in BOE's budget for recurring expenditures of, primarily, the Central Office, which reflects that more time is being spent administering a decreasing population. Based on the increase in costs for the School and Central Office in comparison to the decrease for the East Lyme High School Program and Out of District Services, the State's push for regionalization becomes understandable. He questioned the sustainability of their budget, their budgetary future, and the potential for a significant tax increase in the near future due to their embedded expenses in the face of reduced aid. He also noted the 3% wage increase for non-certified employees vs. the 2.5% increase for Town employees. He reiterated his dismay with the BOE for their inability to provide supporting information regarding the increase for the additional staffing (1.0 FTE Special Education teacher, 0.5 FTE Secretary, and 0.15 Instructional Coach). Based upon the wage increases and additional position(s), he would propose that an additional \$18,000.00 reduction in addition to a \$33,000.00 for the reduced insurance costs be placed the BOE budget.

Based upon the significant savings they have gained by hiring the Director of Student Services and reducing their Special Education costs by bringing the program in-house, Chairman Householder differed with Clerk Collins regarding the 0.15 Instructional Coach. He felt that it is a sound investment that would be worth trying for one or two years. He agrees that, because the Board has yet to receive any supporting information regarding the 0.5 Secretary, it is difficult to determine and/or support the need for the Secretary. He also stated his concerns regarding the institution of additional cuts to their FY2018/19 budget that could result in the Town exceeding the 2.5% limitation of their budget when the number of students who will be attending East Lyme

High School increases and wage increases for FY2019/20 are instituted. Exceeding the limitation would result in a partial loss of funds of the stabilization grants the Town currently receives.

Clerk Collins added that both the municipal spending cap and MBR (Minimum Budget Requirement) are moving targets and further reductions to the Town's ECS (Educational Cost Sharing) Funding is expected. He also disagrees with the NESDEC (National School Development Council) projection of a 7% increase in student enrollment based on the Town and its demographic trends. He reiterated his concerns regarding the decreasing student enrollment and the expected receipt of less funding along with growing administrative costs.

Board Member Houchin stated that, while the Board may cut or raise the BOE budget, it would be up to the BOE to decide upon where those reductions/increases would be made in a manner that does not affect the children and their education. He also agreed that the additional 0.15 FTE Instructional Aid would be worth the investment and worthy of a try.

Board Member Griggs, having spoken with a teacher, who lacked the help and/or experience to deal with the growing number of students who are in either in 504 Plans or IEP (Individualized Education Program), she is in support of investing the funds to help such teachers evaluate and help develop various strategies to deal with the challenges they are presented.

Board Member Cadwell agreed with the BOE's need for additional staffing, but felt that the wage increases should be reduced.

Board Member Dickson felt that the potential investment into the 0.15 Instructional Aid would be reasonable. He stated the difficulty in determining the need for the other staffing due to the lack of supporting information.

While the sentiment of the Board appeared to be in support of the 0.15 Instructional Aid, Clerk Collins reminded the Board that the position was included in the BOE's FY2017/18 Budget, but eliminated only to return again for the FY2018/19 Budget. He is still concerned with the lack of supporting information for the 0.5 FTE Secretary and proposed making a small reduction of \$15,000.00 to the BOE budget, which would reflect a reduction from 3% to 2.5% for wage increases and 0.5 FTE Secretary. Board Member Houchin suggested providing the BOE with the opportunity to provide the necessary and requested information. Stating the importance of allowing the Townspeople to have a voice on the issue, Chairman Householder stated his aversion to cutting the BOE's budget following the Public Hearing.

**M/S/C: Houchin/Griggs, to approve and present the Board of Education Budget of \$10,338,225.00 at the Annual Town Meeting. Discussion: In response to Clerk Collins, BOE Chairman Reith and Treasurer Little stated that the following (two) changes to the BOE proposed budget were approved and made since their meeting with the Board: (1) the elimination of approximately \$102,000.00 for technology equipment and (2) \$746.00 for insurance. Voice vote, 5-1. Voting in Favor: Board Members Cadwell, Dickson, Griggs, Houchin, and Householder. Voting in Voting in Opposition: Board Member Collins.**

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In conclusion, Chairman Householder stated that the General Government budget was adjusted due to a reduction in insurance costs and the Board of Education budget might also be reduced for the same at the Town Meeting. Any other matters that arise will also be discussed at the Town Meeting.

**OLD BUSINESS:** *none*

**ADJOURNMENT:**

**M/S/C: Houchin/Dickson, to adjourn the meeting at 8:08 p.m. Discussion: None. Voice vote, 6-0, all in favor.**

Respectfully Submitted by:

Agnes Miyuki, Recording Secretary for the Town of Salem