

**TOWN OF SALEM  
BOARD OF FINANCE  
REGULAR MEETING MINUTES  
THURSDAY, MARCH 9, 2017 – 7:00 P.M.  
SALEM TOWN OFFICE BUILDING**

**PRESENT**

TJ Butcher, Chairman  
George Householder, Clerk  
Deborah Cadwell  
Marshall Collins  
Janet Griggs  
Hernan Salas  
Will Evanson, Alternate  
John Houchin, Alternate

**ABSENT**

*none*

**GUESTS**

*none*

**ALSO PRESENT**

First Selectman Kevin Lyden

**CALL TO ORDER:**

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

**RECOGNITION OF VISITORS:** *none*

**SEAT ALTERNATE IF NEEDED:** *none*

**COMMUNICATIONS:**

1. Clerk Householder clarified two items from the Board's February 23, 2017 Special Meeting regarding (1) a discussion that was held with Tax Collector Cheryl Philopena and the amount of funds needed for collection and (2) the possibility of the cutting of the various departments' budgets is still possible. Chairman Butcher further clarified that the decisions made immediately following each department's budget presentation is preliminary. A final meeting will be held prior to the Public Hearing during which the budget is further reviewed and (additional) adjustments may be made to ensure that the Town is properly funded. Due to the State's current fiscal situation, the Board is faced with a challenging budget year of, essentially, guessing the funding the Town will or will not receive from the State. Board Member Collins added that the State Legislators have been discussing a possible Statute, which would provide municipalities with additional time to determine their budget by bypassing their Town Charter without a Town vote. The deadline for the Legislature to present the budget is June 7, 2017 otherwise a Special Session is scheduled, extending the deadline to June 30, 2017. Should the final budget deadline not be met, the State will issue continuing resolutions and may cut some line items while also withholding and/or delaying funds. The only known factor to date is the Governor's proposed budget, which includes a 20% or \$703,000.00 reduction in funding to the Town. Additional proposals that could lead to further cuts include the funding for Special Education and the Teachers' Retirement Fund.

2. Cost estimates for the State Trooper's salary at both 85% and 100% – during the last fiscal year, the costs were raised from 70% to 85% and may be increased to 100% this coming fiscal year.
3. An itemized list of the training and conferences and their respective costs for Department #116 – Assessor.
4. Communication from the Superintendent of Schools and Board of Education Chair – to be discussed under item 6(A).

**ADDITIONS TO THE AGENDA:**

**M/S/C: Householder/Griggs, to add the following item to the Agenda:**

**Item 4 Act on an additional appropriation for line 5-222-618 in the amount of \$2,700.00 for the Salem Volunteer Fire Company for the purchase of Ladder Truck tires.**

**Discussion: The following items will be re-numbered, accordingly. Voice vote, 6-0, all in favor.**

**AGENDA:****1. APPROVAL OF MINUTES: FEBRUARY 16, 2017 BOF Special Meeting**

**M/S/C: Householder/Griggs, to approve the Meeting Minutes of February 16, 2017 Board of Finance Special Meeting. Discussion: None. Voice vote, 4-0-2. Voting in Favor: Board Members Cadwell, Griggs, Householder, and Salas. Voting in Opposition: None. Voting in Abstention: Board Members Butcher and Collins.**

**2. APPROVAL OF MINUTES: FEBRUARY 23, 2017 BOF Special Meeting**

**M/S/C: Householder/Griggs, to approve the Meeting Minutes of February 23, 2017 Board of Finance Special Meeting with the following amendment:**

Page 2, Item B, Line 8:

Deputy Fire Marshal *John* Cunningham will review the costs of the EMS training costs for any possible adjustments.

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

**3. TREASURER'S REPORTS – no discussion**

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

**4. ACT ON AN ADDITIONAL APPROPRIATION FOR LINE 5-222-618 IN THE AMOUNT OF \$2,700.00 FOR THE SALEM VOLUNTEER FIRE COMPANY FOR THE PURCHASE OF LADDER TRUCK TIRES.**

Salem Volunteer Fire Company Chief Rick Martin stated that the Board of Selectmen unanimously endorsed the additional appropriation of \$2,700.00 for the ladder truck tires in the current fiscal year's budget. The issue was discussed at the Board of Finance's previous meeting.

**M/S/C: Householder/Collins, to approve the additional appropriation for line 5-222-618 in the amount of \$2,700.00 for the Salem Volunteer Fire Company for the purchase of Ladder Truck tires from the Unassigned Fund Balance. Discussion: The tires will be replaced in May and the truck is expected to be out of service for approximately two hours. Voice vote, 6-0.**

**5. PUBLIC COMMENTS**

Tiffany Cunningham, 88 Rattlesnake Ledge Road, felt that the Board appears to have already determined the budget for the Board of Education (BOE) and respectfully requested that they carefully listen, consider and be mindful of the funding needs of the BOE to properly educate our schoolchildren. She also re-introduced the possibility for the Town to hold an open discussion regarding possible ways in which the Town can help those who are having trouble paying their taxes.

In response, Clerk Householder stated that a generous plan is in place for the low-income elderly population. Chairman Butcher stated that, while he, himself, does spend a significant amount of time thinking about the Town and its budgetary needs, the Board, as a whole, has not made any final decisions regarding the budget. In addition, he has strived to ensure that all of the Board's activities are transparent to the public. Since 2008, the Board has requested that all departments, including the BOE, keep their budgets at a minimum in an effort to keep the mil rate down and with the understanding that, should they encounter any unexpected expenses, they may come before the Board to request additional funding. To accommodate such requests, they have aimed to grow and maintain a healthy Unassigned Fund Balance. Chairman Butcher appreciated Ms. Cunningham's response cautioning the Board against past "scolding" when the funding is exceeded, stating that he has strived to deal with issues in a humanistic manner and hopes that, in the future, he will be privately informed should any one feel that they are being scolded.

**6. SELECTMAN'S REPORT**

A workshop regarding the Freedom of Information Act (FOIA), provided by Tom Hennick, Public Education Officer, Freedom of Information Commission, State of Connecticut, has been scheduled for April 11, 2017 at 7:00 p.m.

A very lively conversation was held with Senator Paul Formica and Representative Holly Cheeseman during the recent Office Hours on Tuesday, March 7, 2017.

The five-year statistical revaluation has been completed and the Grand List has been raised by 0.04% or \$3,000.00.

He applauded the Board for their efforts during a very difficult time and balancing the needs of the Town while considering the needs of the townspeople. He asked that, should any cuts be necessary, they be made fairly.

## **7. PROPOSED APPROPRIATIONS FOR 2017-2018 FY**

### **A. BOARD OF EDUCATION BUDGET** *(PowerPoint presentation slides on file)*

Michael Siebert, Chairman, Board of Education, provided an introduction to the BOE's proposed budget for fiscal year 2017-2018, stating that their presentation will provide a brief overview of the Board's history, student enrollment/staffing, tuition, and Special Education (SPED). This year, a Sub-Committee was created and adjustments were made to the content of their presentation based upon previous feedback received from the Board of Finance and Town Meetings as well as information included in the School Efficiency Study. In addition, interviews were conducted; budgets, including their staffing and pay structures, and; past budget presentations were reviewed and compared with those towns listed in the Efficiency Study. Their presentation is based on their projected numbers for student enrollment and SPED costs. The staffing changes that were made during the current fiscal year that will continue and the additional changes that will be made in the next fiscal year's budget were reviewed.

Sean Reith, Board of Education, discussed the Budget Development Process beginning with the Superintendent's staffing recommendations and proposed budget of \$10,979,950.00, reflecting a 2.63% increase. An intense review of the budget followed resulting in the BOE's adoption of a proposed budget of \$10,837,619.00, reflecting a 1.30% increase, and overall decrease of \$142,331.00 from the Superintendent's proposed budget. The Adhoc Budget Presentation Sub-Committee was subsequently created. BOE Member Reith reviewed the BOE's Budget History from fiscal year 2008-2009 to present; Budget Summaries based on costs deriving from Salem School, Central Office, East Lyme High School, and Out of District Services and based on Expense Categories (Contractual, Discretionary, Negotiated, Student Population), and; a detailed breakdown of these costs for fiscal years 2014-2015 (actual), 2015-2016 (actual), 2016-2017 (budgeted and adjusted), and 2017-2018 (proposed).

BOE Chairman Siebert presented the School Administrative Model and reviewed the changes that have been made based upon the feedback received by the Board of Finance, School Efficiency Study, comparison studies with various towns, interviews with various groups, and cost comparisons.

BOE Member George Jackson presented the budgeted Student to Staff Ratios for Certified Core and Non-Core Teachers, Aids and Tutors, and Administration as well as the budgeted enrollment numbers and their respective Student to Teacher Ratios for each respective grade level. The Staffing Structure/Assumptions for fiscal year 2017-2018, including the organic/fluid nature of the student population and their resulting needs as well as the expected growth in population in the Southeastern Region of the State due to the increasing

employment of large corporations in the surrounding area was discussed. He also reviewed the current and projected tuition and transportation costs for East Lyme High School and Out of District students and SPED Services. He commended Ms. Donna Gittleman, Director of Student Services, for her efforts in helping to significantly lower the SPED costs.

BOE Member Reith discussed the SPED Services, which comprises 30.8% of the total BOE budget, and the respective Student to Staff Ratio and SPED Population Trends from the 2010-2011 school year to present, which, overall, has grown from 64 to 114 students.

BOE Chairman Siebert provided a summary and concluded their presentation. He noted that, though the Salem's SPED population and student needs are growing, the budget, itself, has grown by only 1% annually for the past six years due to contractual obligations, which grows by over 3% each year. Nevertheless, achievement has grown and significant strides are being made to provide a quality education for Salem Students as evidenced in their current State ranking of 4th in English Language Arts and 16th in Math. These achievements are a true testament of the Salem School staff. In addition, the Aides and Tutors, as required by SRBI (Scientific Research-based Intervention), were, for a period of time, funded by a Grant and, as such, is not reflected in their budget. Overall, the main BOE budgeting challenges revolve around the unpredictability and fluidity of the student enrollment population.

Chairman Butcher commended the BOE on providing a detailed presentation and expressed his appreciation for their time and efforts.

Board Member Salas also commended them on their presentation, but commented that the BOE's request for additional funds on top of the current proposed cut by the State amounts to approximately \$900,000.00, resulting in a 3 mil increase, which, he felt, would not be feasible for the Town to incur. Chairman Butcher concurred and raised the question as to how much more the townspeople would be willing to agree to pay. Clerk Householder reminded them of the response to the following question that was posed to the voting public during the last referendum:

In your opinion, is the Board of Education Budget in the amount of \$10,698,225.00 for fiscal year 2016-17...

Too Low: 39

Just Right: 69

Too High: 101

In response to Chairman Butcher, Director of Student Services Gittleman stated that some of the reasons behind the increase in the number of SPED students include diagnosing improvements, changes to the eligibility requirements for dyslexic students, and the transfer of previously eligible students. The number of such students is higher than that of the State average due to the positive reputation the School in providing such services. In response to Board Member Houchin, BOE Member Jackson explained that the East Lyme High School SPED tuition costs are based on the audited East Lyme expenses and includes the cost of various student-driven services. BOE Member Mary Ann Pudimat, who heads the Long Range Planning and Co-Op Agreement Committees, added that the tuition is based on the

total amount of costs that the High School incurs for that particular student population divided by the total student enrollment. East Lyme, like Salem, has been making efforts to provide for students' SPED needs in-house, resulting in a significant cost savings. Chairman Butcher introduced the possibility of educating those students in Salem.

In response to Board Member Collins, BOE Member Reith stated that the projected student population trends are based on the employment trends and its resulting projected population growth, the budgeted and actual current student enrollment, and, to some extent, on the projections made by NESDEC (New England School Development Council). Board Member Collins stated that, according to current demographic trends, the population of Salem is increasing in age and raised his concerns regarding the manner in which the Town would be able to attract the younger generation, with respect to its affordability, to reside in the Town should the mil rate increase.

In response to Chairman Butcher, Salem School Principal Joan Phillips explained the reasoning behind the decrease from three to two teachers from 6th to 7th & 8th grades, stating that the 7th & 8th grade core teachers teach classes in both grades and are able to adequately accommodate all of the students. It was also explained that, because the number of current 8th grade Salem School students moving on to their chosen high schools is unknown at this time, the assumption is being made that all of the students will be attending East Lyme High School. Chairman Butcher commended the BOE for the joining of 7th & 8th grade students' core classes and encouraged them to continue considering such options in the near future for other grade levels.

Board Member Householder commented on the possibility of requesting that the BOE come before the Board to obtain approval for teacher hirings should the Governor's proposal to transfer part of the Teacher Retirement costs to municipalities, resulting in a long-term debt to the Town, be passed.

In response to Chairman Butcher, who, again, commended the BOE on their proposed budget presentation, BOE Chairman Siebert responded that, though the issue has not been discussed by the Board, he feels that any necessary significant cuts to the budget would derive from their discretionary spending, i.e., non-core staffing. Discussion ensued regarding the expected cuts from the State and its resulting effect on the Town and the BOE. Discussion regarding the increase in the salary and wages by 5.73%, due to contractual and staffing changes, and transportation to East Lyme High School by 21.27%, due to SPED transportation, was held. In response to Board Member Houchin, Director of Student Services Gittleman stated that, while both towns collaboratively discuss each student's Out of District Placement for the High School students, any final decision(s) are made by Town.

In response the Chairman Butcher's question regarding the reasoning behind the School being better in relation to previous years, BOE Member Jackson felt that, due to the dedication of the teachers and staff and their exceptional morale, which is reflected in the

enthusiasm with which the teachers educate the students, attributes to the improvements that have been made within the school. Under the leadership of Principal Phillips, Vice-Principal Kim Fentress, and Director of Student Services Gittleman, significant changes in the administrative staff have been made and a well-functioning team that works well together has also added to the School's success. Their ongoing efforts to provide the students with a streamlined process and transfer to East Lyme has also proved to have a positive effect. Aside from their efforts to educate SPED students in-house, it remains the one factor over which the Board has no control should parents opt to have their child(ren) placed out of district to a specialized school. Chairman Butcher complimented the BOE and administrative staff for their efforts and applauded their energy prior to closing the presentation portion of the discussion.

BOE Member Collins discussed the reality of the cuts expected by the State, adding that the possibility of the cuts amounting to, at minimum, the Governor's proposed \$703,000.00 as well as the possibility of continuing resolutions is imminent in addition to the Town being penalized for maintaining a healthy Unassigned Fund Balance. He understands the difficulty in determining the BOE budget, especially in relation to projecting the student population. Contrary to one of the public comments, he resents the idea that the Board Members have already come to a decision without heeding the public's thoughts and concerns.

Discussion ensued regarding the maximum increase the public would be willing to accept, the public's awareness of the fiscal issues, cutting the various department's fairly, i.e., "sharing the pain", and the possibility of utilizing the Town's Unassigned Funds to help fund either part of the general or capital budget in an effort to minimize the cuts. The BOE currently amounts to 75.06% of the Town's budget. Concern was raised regarding utilizing the Town's Unassigned Funds to help fund part of the general budget, which would only be a temporary solution. Board Member Griggs wished to ensure that the BOE is aware of and will review the section of the 90-page CCM (Connecticut Conference of Municipalities) Report regarding the regional sharing of services as a possible approach to minimizing costs. In addition, it was noted that Senator Cathy Osten has introduced and is actively promoting a Bill to eliminate the position of Superintendent of Schools for towns with a population of 10,000 or less and 2,000 or less school children.

**M/S/C: Householder/Salas, to approve the appropriation of funds in the amount of \$10,548,225.00 for the Board of Education, subject to review and/or revision. Discussion: The proposed motion reflects a cut of \$150,000.00 from the BOE budget for fiscal year 2016-2017. Voice vote, 6-0, all in favor.**

**B. REVENUES**

Department 91 – General Property Taxes – *no action*

Department 92 – State/Federal Grants – *a 15% cut for all line items was proposed*

Department 93 – State/Federal Grants for Education – *adjust line items to coincide with those included in the Governor's proposed budget*

Department 94 – Licenses & Permits – *no action*

Department 95 – Charges for Current Services – *no action*

Department 96 – Revenue from use of Town Money – *increase line item 96-064 – General Fund by 10%*

Department 97 – Miscellaneous Revenue – *no action*

It was noted that the funds for the Pavilion/Field Rental/Farmers Market are not received until the Spring/Summer months.

**7. DISCUSS/ACTION FOR DEDICATION OF ANNUAL REPORT**

**M/S/C: Collins/Cadwell, to dedicate the Annual Report to Jack Dytko and Shirley Diamond. Discussion: First Selectman Lyden will request Mr. Jim Savalle to write the dedication for Jack Dytko and Mr. Carl Nawrocki to create the dedication for Shirley Diamond. Voice vote, 6-0, all in favor.**

**OLD BUSINESS:** *none*

**ADJOURNMENT:**

**M/S/C: Householder/Collins to adjourn the meeting at 9:59 p.m. Discussion: None. Voice vote, 6-0, all in favor.**

Respectfully Submitted by:

Agnes Miyuki, Recording Secretary for the Town of Salem