

**TOWN OF SALEM
BOARD OF FINANCE
SPECIAL MEETING MINUTES
THURSDAY, MAY 21, 2020 – 7:00 P.M.
SALEM TOWN OFFICE BUILDING, VIRTUAL MEETING VIA ZOOM**

Per State of Connecticut, Governor Lamont Executive Order Number 7B, the Town of Salem Board of Finance meeting on May 21, 2020 will be following the suspension of in-person open meeting requirements.

Please click the link below to join the webinar:

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PRESENT

William “Skip” Dickson, Chairman
Marshall Collins, Clerk
Corinne (Cory) Bourgeois
Deborah Cadwell
Janet Griggs
Hernan Salas
John Bernier, Alternate
Maryann Casciano, Alternate

ABSENT

Dean Wojcik, Alternate

ALSO PRESENT

First Selectman Kevin Lyden

CALL TO ORDER:

Chairman Dickson called the meeting to order at 7:06 p.m.

RECOGNITION OF VISITORS: *none*

SEAT ALTERNATE IF NEEDED: *none*

COMMUNICATIONS:

- a. A copy of a letter signed by four (4) Former First Selectmen regarding the Volunteer Fire Companies, recited into the record by Clerk Collins
- b. A copy of a letter from the Board of Education (BOE) Chairman Sean Reith regarding the proposed BOE Budget, recited into the record by Chairman Dickson

ALTERATIONS TO THE AGENDA: *none*

AGENDA:

1. APPROVAL OF MINUTES: APRIL 16, 2020 SPECIAL MEETING:

M/S/C: Collins/Griggs, to approve the Board of Finance April 16, 2020 Special Meeting Minutes.
Discussion: None. Voice vote, 6-0, all in favor.

2. TREASURER'S REPORTS

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

First Selectman Lyden stated that the report included in their packet is through March 31. The April report will be sent to the Board Members.

3. PUBLIC COMMENTS

Place Public Comments in the drop box located by the entrance to Town Hall or e-mail Public Comments to financepubliccomment@salemct.gov

The following public comments were received via e-mail and read into the record:

Tiffany Cunningham, 89 Rattlesnake Ledge Road, wrote in support of the BOE's modified proposed budget, which she believes is a fiscally prudent budget reflecting the needs of the students while maintaining the school's morale. Aware of the town's financial strain, the BOE is committed to continuing to seek ways to save money while supporting the students' needs and, likewise, the Board understands the school's situation and hopes that they will fully support their students.

Jen Rucci, 17 Pleasant View Road, feeling that a flat or decreased mil rate would be detrimental to the town, wrote in support of the proposed increase to the FY2020/21 budget so that they might prepare for any future costs resulting from the pandemic. While aware that many have lost their jobs or have had a significant reduction in income, she expressed her concern for the students who have lost three to four months of in-person learning. She expects the effects of COVID-19 to continue into, at least, the fall and winter months, which will result in necessary cost adjustments to ensure the safety of the school and the community.

Linda Flugrad, 72 East Haddam Road, wrote in support of a zero mil rate increase in light of the current pandemic.

Rick & Wanda Hatch, R&W Heating Energy Solutions, Inc., 10 Witter Road, wrote in opposition to a tax increase, especially during this time of uncertainty.

4. SELECTMAN'S REPORT

First Selectman Lyden reported that a group of dedicated volunteers has just completed their fourth week of food deliveries to up to 42 Salem residents in need via the *United Way* Mobile Food Pantry. A six-month temporary food permit was obtained for this purpose.

Due to several questions that were raised regarding the cost of implementing the Low-Interest Rate Program by their computer software provider, the Board of Selectmen canceled the Low-Interest Rate Program and adopted the Tax Deferral Program for those impacted by the COVID-19 pandemic. Forms

are available online and may also be mailed, by request. Qualified individuals will receive a 90-day interest-free reprieve from paying their taxes.

The Library is currently offering curbside pick-up. Residents may go online to check their inventory and contact the Library via telephone or e-mail to check out an item(s). The requested item(s) will be placed in a bag that will be placed on a table located in front of the Library for pick-up. Returned items may be placed in the book drop and will be left for a few days before being sorted. He commended and expressed his appreciation to Tom Melovitz of *Bethany Insulation Co.*, who reviewed sections of the Library that were missing its insulation and agreed to and conducted the job gratis.

The May Amnesty Days have been re-scheduled for Saturday, June 13; Sunday, June 14, and; Wednesday, June 17. Residents are being asked to unload their vehicles, maintain proper distancing between vehicles, wear masks, and not bring mattresses, metals, or electronics, which are free on a normal basis. Two Public Works employees will be directing traffic and ensuring that the rules are being followed.

He has referred one of the town's daycare providers to the *Uncas Health District* regarding the requirements for opening their doors. He has also been in contact with *Two Brothers Restaurant*, who is considering offering outdoor dining. He has also been in touch with CT DEEP (Connecticut Department of Energy and Environmental Protection) regarding the opening of Gardner Lake Park. He commended the local businesses on instituting and following proper safety protocols.

The Board of Selectmen held a Special Meeting to discuss their current lawsuits with Town Attorney Brian Estep. The Selectmen unanimously agreed to request the Board of Finance to increase their Legal Counsel budget line item (line item 5-126-208, Town Counsel – Town Issues) by \$20,000.00 for the next fiscal year due to the pending lawsuit. The Selectmen were considering a \$50,000.00 appropriation, but he felt that that would be too much and is hoping that some of the issues will be worked out.

5. FIRST SELECTMAN TRANSFER REQUESTS

M/S/C: Griggs/Bourgeois, to approve the following transfer requests from Department 5-138-802, Employee Benefits – Insurance (PHS & BC Dent), to the following line items:

5-105-105, Salaries – Asst. Tax Collector/ Now Certified TC	\$ 4,000.00
5-105-109, Salaries – Financial/HR Administrative	\$ 2,100.00
5-105-113, Salaries – Recording Secretaries	\$ 2,800.00
5-105-120, Salaries – Fire Marshall/CP	\$ 5,000.00
5-105-121, Salaries – EMT/Maintenance	\$ 18,000.00

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

6. APPROVAL OF ADDITIONAL LEGAL COUNSEL APPROPRIATION

M/S/C: Collins/Cadwell, to approve the supplemental appropriation of \$10,000.00 to line item 5-126-208, Town Counsel – Town Issues. Discussion: The appropriation was unanimously approved by the Board of Selectmen at their May 11, 2020 Special Meeting. Voice vote, 6-0, all in favor.

7. APPOINTMENT OF AUDITOR ANNUAL NOTIFICATION

M/S/C: Collins/Bourgeois, to extend the appointment of PFK O'Connor Davies for one year, to May 2021, as the Auditor for the Town of Salem, with the condition that an RFP Request for Proposal) be issued in February 2021 for a longer contract. Discussion: None. Voice vote, 6-0, all in favor.

8. TAX COLLECTOR SUSPENSE LIST

M/S/C: Collins/Griggs, to approve the Suspense List at the request of the Tax Collector in the amount of \$50,994.60 (fifty thousand nine hundred ninety-four dollars and sixty cents), dated May 19, 2020. Discussion: The Suspense List is approved annually and contains the list of those taxes that, while still collectible, have been deemed as uncollectible by the Tax Collector and is, thereby, removed from consideration as part of the town's assets. Per Board Member Grigg's request, the key for the Status Codes will be provided to the Board. Voice vote, 6-0, all in favor.

9. REVISE BUDGET – ADOPT FOR PRESENTATION TO THE TOWN

Chairman Dickson stated that their previously adopted draft budget has been revised to reflect the decrease in the revenue projections and the revised BOE and General Government budgets due to the ongoing pandemic, with a goal of presenting a zero mil increase due to the uncertainties.

Capital Plan:

Changes were also made to the Capital Plan reducing the total amount from \$600,000.00 to \$550,000.00. Adjustments include:

- | | | |
|--------------|--|--|
| Line Item 1 | BOE Replace 1994 Roof Top/AC Units | \$152,000.00, moved out one year
<i>more preparation required; awaiting matching funds</i> |
| | While he felt that the town would receive a partial reimbursement by the State for the project, Clerk Collins stated that the probability of receiving the expected 40% to 50% reimbursement is greatly at risk and the town may need to add additional funding for the project. Board Member Griggs stated that the concern is that, while the item is approved in the Capital Plan, the items on the Capital Plan are revocable. As such, the State would like to ensure that the funds are allocated and committed. | |
| Line Item 8 | BOE Fuel Tank | \$140,000.00, moved out one year
<i>\$40,000.00 remains allocated for FY2020/21 for any necessary ground work</i> |
| Line Item 16 | BOE Teacher Retirement Incentive | \$150,000.00, still allocated
Three of the six teachers have accepted the \$25,000.00 incentive. It was clarified that the BOE would be saving approximately \$26,000.00 per teacher in the first year; the amount is unrelated to the incentive amount. Because the incentive offering deadline was April 27, the Board discussed the possibility of reducing the allocated amount. The Board agreed to maintain the amount until the budget is finalized. |
| Line Item 16 | Rec Disc Golf | \$23,499.00, moved out one year |
| Line Item 31 | PW Road Improvement | reduced by \$72,000.00
<i>The line item is funded at \$318,071.00. Due to the pandemic, a number of projects have been postponed thereby allowing the amount to be reduced.</i> |

- Line Item 32 PW Bingham Field Restoration \$11,000.00, added
The line item was originally in the BOE's budget and was moved to the General Government budget and is now included in the Capital Plan. The project/funding for the project is spread out over three years.
- Line Item 33 PW Fuel Tanks \$120,000.00, moved out one year
Similar to Line Item 8, \$37,077.00 of the funds remains allocated for FY2020/21 for any necessary ground work on the project.
- Line Item 49 Gen Govt Library HVAC System Replacement \$200,000.00, added
Due to the ongoing issues, it has become necessary to, at least, begin the project during the next fiscal year. Based upon the Mechanical Engineer's estimated cost for the project, \$200,000.00 has been allocated to both the FY2020/21 and FY2021/22 Capital Plan. An RFP (Request for Proposal) will be issued for the project in the fall once all of the details have been finalized.
- Line Item 51 Gen Govt Library Fuel Tanks \$20,000.00, moved out one year
Similar to Line Items 8 and 33, \$5,000.00 of the funds remains allocated for FY2020/21 for any necessary ground work on the project.

Revenues

The revenue projections were decreased for the General Government. Clerk Collins noted that the reduced revenue for Department 91, Property Taxes, is due to the inability for residents to pay their taxes and the Tax Deferment Plan due to the pandemic; the projected amount reflects a loss of 0.5% from 97.5% down to 97%.

Expenses

Reductions in the General Government budget include:

Department 105, Salaries	\$ 6,200.00
Department 152, Town Services (Historical Society)	\$ 300.00
Department 310, Public Works (Bingham Field, moved to the Capital Plan)	\$11,000.00

BOE Expenses

The reductions in the BOE's proposed budget increase include:

- \$150,000.00 Board of Finance's initial budget reduction in March 2020
- \$110,000.00 BOE reductions, as received on May 12, 2020

Chairman Dickson is proposing an additional \$90,000.00 reduction. If approved, the BOE's budget reduction would total \$350,000.00 from their original proposed budget request.

Unassigned Fund Balance

The following items will be funded through the town's Unassigned Fund Balance, i.e., Rainy Day Fund:

BOE East Lyme High School Tuition	\$ 150,000.00
General Government Revaluation	\$ 82,000.00

The Unassigned Fund Balance will be reduced by \$232,000.00 leaving a remaining balance of \$3,112,660.00.

Assigned Fund Balance

The \$550,000.00 allocated for Capital items for FY2020/21 will derive from the Assigned Fund Balance.

Discussion: The BOE will be receiving an increase of \$550,594.00 or 5.28% from the previous year's budget. Other funds that have been moved out of the BOE budget and into the town's Capital Plan include the Technology equipment, Teachers' Retirement Incentive, and Bingham Field Restoration. In addition, the town will be funding the East Lyme High School Tuition costs for FY2020/21. The funds that are expected to be returned to the town by the BOE are not reflected in the budget at this time and any funds that are returned to the town will be deposited into the Unassigned Fund Balance and do not affect the budget. First Selectman Lyden added that, between the BOE, General Government, and Capital Funds, the town could expect to receive roughly \$130,000.00 to \$140,000.00 in unexpended funds. Approximately \$121,000.00 is currently projected to be returned to the town by the BOE.

Clerk Collins agreed with the proposed utilization of funds from the Unassigned and Assigned Fund Balances at this time. He expressed his dismay with the BOE, who reduced their initially estimated amount for the spike in the number of students who will be attending East Lyme High School and their technology request, which was originally presented as equipment for the students but also included equipment for the staff, resulting in his growing mistrust of the numbers they present to the Board. He added that the town might need to prepare for the allocation of a larger amount of educational funding due to the current fiscal state of the State and felt that the budget, as revised and presented this evening, is realistic. Board Member Salas added that, in light of the funds that will be returned to the town at the end of this fiscal year, the Unassigned Fund Balance will not be reduced a significant amount and felt that the town would be in, relatively, the same fiscal position. Board Member Bernier questioned whether the current \$150,000.00 allocated in the Capital Plan for the Teachers' Retirement Incentive should be reduced to \$75,000.00 and the thoughts behind the additional \$90,000.00 reduction to the BOE budget. Board Member Salas agreed with Board Member Bernier regarding the reduction of the Teachers' Retirement Incentive in the Capital Plan. Clerk Collins felt that the amount allocated for the Teachers' Retirement Incentive could be reduced next week when the budget is finalized. He added that he has been arguing for deeper cuts to the BOE budget as they continue to plan to increase their staffing. Nevertheless, he felt that the allocation of funds is a compromise that would result in a zero mil rate increase for those who have lost or are experiencing a reduction in their livelihoods. Board Member Griggs stated the importance of adding an additional teacher and class for the first graders, an age when the children are learning how to read, and felt that it would be detrimental to the students, in the long run, should the teacher not be funded. Clerk Collins stated that the class sizes are within their recently agreed upon contract and added that the BOE is not only receiving a large budget increase during an uncertain time, but is also receiving funding for the other items. Board Members Cadwell and Bourgeois expressed their support for the proposed budget as revised and presented. Being a devastating time that has been financially affecting their townspeople, Board Member Bourgeois felt that the BOE could make it work and that a 5.2% increase is a very generous increase. Board Member Bernier agreed. Board Member Casciano thanked Chairman Dickson for working on the budget, which was not an easy task. She expressed her support and noted that pushback might be received from the public regarding their decision to maintain the funds allocated for the Teachers' Retirement Incentive while, at the same time, reducing their proposed increase by \$90,000.00, though she understands that the moneys derive from different funds. In response to Board Member Casciano, Chairman Dickson stated that the side note regarding the addition of \$165,000.00 to cover the potential BOE salary increases refers to Governor

Ned Lamont's possible proposal to freeze salary increases. Should that have been included in one of his Executive Orders, the town and the BOE would have additional funds.

M/S/C: Salas/Collins, to accept the budget with the total expenditure of \$16,119,888.00 for the proposed FY2020/21 budget. Discussion: Board Member Griggs proposed the possibility of reducing the \$90,000.00 decrease to the BOE budget. Clerk Collins disagreed, stating that he would like to see it increased, but felt that the amount was an acceptable compromise. Roll Call vote, 6-0, all in favor. Voting in Favor: Board Members Bourgeois, Cadwell, Collins, Griggs, Salas, and Dickson. Voting in Opposition: None.

First Selectman Lyden stated that the draft budget will be finalized, posted on the town website, and e-blasted tomorrow afternoon at which point the public will be able to access, review, and submit any comments they might have via e-mail or the white drop box located in front of Town Hall. The comments will be reviewed and discussed by the Board and, based upon the comments, any changes they feel are necessary will be made. The budget will, then, be finalized and the mil rate will be determined at their next meeting. Chairman Dickson was commended and thanked for his hard work.

10. DELETE UNFUNDED LINE ITEMS IN 10-YEAR CAPITAL PLAN AND RENAME, RENUMBER, AND ANNOTATE VARIOUS BUDGET LINE ITEMS

Clerk Collins proposed eliminating 13 (thirteen) line items included in the Capital Plan for which there is no funding at this time. In addition, he proposed the consolidation of Departments 220, Gardner Lake Volunteer Fire Company, and 222, Salem Volunteer Fire Company, into one department; the funded amounts will remain unchanged. The consolidation would enable them to determine any duplications and possible cost efficiencies. He reiterated that there would be no operational changes, the funds would merely be administered differently. The action was previously recommended by the consultants and would be in accordance with the letter that was received by the four former First Selectmen. The consolidation would not affect the pending lawsuit.

M/S/C: Collins/Salas, to delete the following items from the 10-Year Capital Plan inasmuch as there is no funding for them under the duration of the proposed plan:

- | | | |
|------------------|-----------|---|
| Line Item | 6 | BOE Fire Alarm Upgrade |
| | 14 | BOE Athletic Field Upgrade |
| | 18 | PW Large Snow Plow Truck #1 |
| | 20 | PW Commercial Mower |
| | 22 | PW Pickup Truck |
| | 30 | PW Large Snow Plow Truck #5 |
| | 32 | PW Bingham Field Restoration |
| | 35 | GLVFC/SVFC Exhaust System |
| | 38 | GLVFCO Thermal Imaging Cameras |
| | 40 | GLVFCO Fire Rescue Boat |
| | 46 | SVFCO Storage Building |
| | 47 | SVFCO F-350 for replacing R-1 Medical Response Vehicle |
| | 52 | Gen Govt Assessor Lic & Data Conversion |

And to rename and re-number the following budget accounts as follows:

Department 220 – Gardner Lake Volunteer Fire Company

<u>Line Item</u>	<u>Re-numbered/Moved, and Re-named</u>	<u>Amount</u>
5-220-017, Equipment	5-222-013, Gardner Lake Fire Company Equipment	\$ 3,500.00
5-220-214, Physicals	5-222-223, Gardner Lake Fire Company Physicals	\$ 6,225.00
5-220-215, Professional Fees	5-222-217, Gardner Lake Fire Company Professional Fees	\$ 3,450.00
5-220-434, Fire Wells	5-222-434, Gardner Lake Fire Company Fire Wells	\$ 1,925.00
5-220-436, Chief's Account	<i>unchanged</i>	
5-220-464, Expendables	5-222-478, Gardner Lake Fire Company Expendables	\$ 3,710.00
5-220-504, Training	5-222-519, Gardner Lake Fire Company Training	\$ 8,375.00
5-220-528, Insurance	5-222-230, Gardner Lake Fire Company Insurance	\$ 25,827.00
5-220-617, Vehicle Maintenance	5-222-625, Gardner Lake Fire Company Vehicle Maintenance	\$ 8,035.00
5-220-620, Testing	5-222-620, Gardner Lake Fire Company Testing	\$ 9,125.00
5-220-621, Radio Repair	5-222-623, Gardner Lake Fire Company Radio Repair	\$ 3,425.00
5-220-827, Building Maintenance	5-222-827, Gardner Lake Fire Company Building Maintenance	\$ 3,335.00

Department 222 – Salem Volunteer Fire Company

<u>Line Item</u>	<u>Re-named</u>	<u>Amount</u>
5-222-018, Firefighting Equipment	Salem Fire Company Equipment	\$ 6,800.00
5-222-218, Professional Fees	Salem Fire Company Professional Fees	\$ 4,200.00
5-222-222, Physicals	Salem Fire Company Physicals	\$ 5,000.00
5-222-437, Supplies (Medical)	<i>unchanged</i>	
5-222-438, Chief's Account	<i>unchanged</i>	
5-222-477, Expendables	Salem Fire Company Expendables	\$ 3,000.00
5-222-518, Training	Salem Fire Company Training	\$ 5,500.00
5-222-529, Insurance	Salem Fire Company Insurance	\$ 7,800.00
5-222-618, Repair/Maintenance of Equipment	Salem Fire Company Repair/Maintenance of Equipment	\$ 21,125.00
5-222-619, Testing	Salem Fire Company Testing	\$ 5,500.00
5-222-622, Radio Repair	Salem Fire Company Radio Repair	\$ 5,100.00

Discussion: Clerk Collins reiterated that the proposed motion renames several of the line items to distinguish the funding for the two Fire Companies. There are no changes to the funding item or amount. Board Member Griggs suggested the possibility of changing the Department name to clarify that the Salem Volunteer Fire Company would not have control over the Gardner Lake Volunteer Fire Company's funds. In response, Clerk Collins stated that the proposed consolidation is not at the request of the Salem Volunteer Fire Company and stressed that the funds are the taxpayer's funds. Board Member Bernier expressed his bafflement over the letter submitted by the former First Selectman and did not understand the reasoning behind the proposed motion. In response, Clerk Collins felt that the letter was self-explanatory and felt that, given the receipt of the letter and the recommendations provided by various consultants and committees over the years, this would be the first step towards achieving that goal. The administration of the account would fall under the Salem Volunteer Fire Company. Any invoices would be submitted to the town. The motion would encourage the two Fire Companies to work together and seek out more efficiencies. The process would remain, relatively, the same. Voice vote, 6-0, all in favor.

The Board expressed their appreciation to Chairman Dickson for his hard work and efforts. Clerk Collins especially thanked and commended him for his diligence, willingness to compromise, and actively seek out the thoughts of all of the members as he created the draft budget.

OLD BUSINESS: *none*

ADJOURNMENT

M/S/C: Collins/Salas, to adjourn the meeting at 8:48 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