

TOWN COUNCIL MINUTES
BUDGET/MANAGEMENT COMMITTEE
Town Hall Council Chambers
May 8, 2008

Present: Kenneth J. DiFazio, Chairperson
 Patrick O'Connor, Vice-Chairperson
 Arthur Mathews
 Michael Molisse
 Kevin Whitaker

Also Present: Robert Conlon-Councilor
 Edward Harrington-Councilor
 James Wilson – CFO
 Maureen Duffy – Town Auditor
 Michael Gallagher –Director of Community Services

Recording Secretary: Doreen Teodorson

Chairman DiFazio called the Budget/Management Committee meeting to order at 6:45 p.m.

Councilor DiFazio stated a presentation would be made by James Wilson, CFO, regarding the Health Insurance Deficit and the Budget Implications. Chairman DiFazio stated they would follow this presentation with the review and discussion of the General Government Budget with applicable department heads, inclusive of Town Council, Town Clerk, Mayor, Municipal Finance, Planning & Community Development, Licensing & Inspections, Health, Elder Services, Parks & Recreation, Youth and Family Services, Veterans' Services and Commission on Disabilities.

James Wilson distributed a handout and made a presentation to the committee regarding the Health Insurance Deficit. The following information was conveyed: As of June 30, 2007, the total claims plus the Harvard Pilgrim Health expenses equal \$14.7 million. The FY07 deficit of \$543,969 was based upon the GASB-34 reporting requirement. The Town raised and appropriated this sum in October of 2007. There was a rate review in October of 2007. The FY08 budget was based on recommendations from our health care consultants provided in March of 2007. The CFO projected a deficit of \$1.2 million for FY08. A recommendation was made to raise rates by 14% effective January of 2008. In FY08, the increased rates to subscribers took effect in January by 14% which covered the increase in equal monthly payments. The claims plus Harvard Pilgrim Health costs through March of 2008 are \$13.9 million. Based upon these numbers, we will require an additional \$3.4 million to fund liabilities in the trust fund which includes the GASB-34 reporting requirement. The recent audit completed by Harvard Pilgrim Health reveals that we have claims which have exceeded premiums by \$2.34 million as of March, 2008. The \$2.34 million will have to be raised during the next 14 months plus an additional \$1.1 million for the GASB 34 reporting requirement. The

Town has fully expended its appropriation as of May 1, 2008. There are no funds available in FY08 budget to aid the deficit. There are insufficient funds to be collected from the rate payers to cover the deficit.

The options for FY09 were stated as follows: further budget cuts of up to 4%; increase rates as of July 1, 2008 up to 30%; use of one time revenue to cover the deficit - \$1.2 million sale of Fulton School (requires DOR approval) or \$1.2 million use of the Stabilization Account (requires Council Approval). Use of this fund would negatively affect the Town's bond rating for five to seven years. Retired teachers could be included in the Town's Health Insurance Plan, but the earliest effective date would be 01/01/09. Further consideration to join GIC is being discussed and the earliest effective date is 07/01/09. A proposition 2 1/2 override for health insurance coverage was also given as a potential alternative.

Mr. Wilson stated the Mayor informed him that she has convened a public employee committee to discuss the GIC as a Town and they have met twice. The earliest they could be enrolled in the State program would be July 1, 2009, therefore FY10. The Mayor felt as soon as we know, everyone should know. There would be an article in the papers on May 9, 2008.

Councilor DiFazio asked what he could tell his constituents about such drastic money measures. Nine out of ten times in the eight years he has been with the Town, there has been money available. He wanted to ensure this was not a reason to cut salaries and pressure the collective units. James Wilson stated he knows of no other available monies and confirmed that this deficit is real. You cannot take any one of the suggested options and solve the problem. There will have to be a combination of efforts to solve the problem. The real estate taxes have been billed for the four quarter. As of May 1st, we should have collected \$68.2 million and we have collected to date \$65.5 million. There us a \$2.8 million shortfall in collection efforts. There is a downward trend in the collection of the motor vehicle excise taxes also. There have been \$6.07 million in bills sent and \$4.0 million collected. This creates a further deficit.

Councilor DiFazio asked if there is an inaccurate estimate of claims. Mr. Wilson has asked for an examination of these claims to be conducted. It is reasonable to expect an increase next year in health care cost. The numbers increased across the board.

A discussion was held on the methods to cut the costs in the future with the possibility of affecting the retired teacher's insurance rates where the Town pays 90% of their cost. A discussion was held on the financial benefit of joining GIC. It would not help at this time, but would assist in the long term. Councilor Mathews stated a proposition 2 1/2 override would not work, as there has already been a huge increase in the taxes, especially on the waterfront properties. James Wilson stated the Mayor indicated that every option was on the table. They do have time constraints and must make a decision within two weeks.

Councilor O'Connor asked what administration would be looking at. He stated it would be unfair to put the burden on the taxpayers and asked if we are looking at layoffs. James Wilson stated he does not know at this time what the implications would be or how it would affect the Town's services. Councilor O'Connor asked if the Town was living outside its means. Jim Wilson stated the health care cost rose faster than the real estate tax. An example of a budget

item is gasoline. The DOR has set the rate at \$4.00 per gallon for the budget for gas, and they now expect it to be \$5.50 per gallon. All the utilities have gone out to bid and we will not know until the end of August.

Councilor DiFazio asked if the Council could have input as to the decisions that are made. He would like to have the Council involved. He asked Mr. Wilson to convey this to the Mayor's office.

A discussion was held on whether or not the town should consider layoffs. Mr. Wilson stated that if two people are layed off, they lay off a third person to cover the unemployment insurance. Discussion ensued as to the implications of this. A discussion was held on the savings of the GIC type of insurance. Councilor Conlon stated that he is concerned that employee layoffs are a band aide effect. With this difficult economy, we should try to get through this year, and allow the employees time to organize and find jobs if they must.

Councilor DiFazio stated that the committee would discuss the review for the General Government Budget with applicable Department Heads, inclusive of Municipal Finance, Town Council, Town Clerk, Mayor, Planning, Licensing and Inspections, Health, Elder Services, Parks and Recreation, Youth and Family Services, Veterans' Services and Commission on Disabilities.

A MOTION was made by Councilor Molisse and seconded by Councilor Whitaker to take measures out of order and was UNANIMOUSLY VOTED.

08 26 D - Municipal Finance

The Auditor questions for this department were as follows:

- a. Staffing: In total, how many are employed in Municipal Finance? Is the department fully staffed?
- b. Salaries: What drives the 59% increase in Procurement salary line item?
- c. Conference Fees: Explain the 400% increase in this item?
- d. Revaluation/Other Professional Services: What is the impact of the 36% reduction? What services are being reduced?
- e. Equipment: Why increase this line item by \$2,600 or 433%?
- f. Legal: What is the explanation of the revised FY08 Budget that increased \$20,000?

Mr. Wilson stated in his department for FY07 through FY08 he saw a 2.6% total reduction. He has 22 employees. This year, there was a 50% staff turnover. Every employee, except for two, are entitled to step raises. In addition, the past Treasurer/ Collector and the Assistant resigned. Mr. Wilson has taken over the duties of the Treasurer/ Collector and divided the duties of the Assistant at a Step 9 pay rate. There was a cost of \$140,000 for the two positions and now it is reduced to \$90,000 for two positions. This covers the differential step increase for all the staff, but results in decreased manpower, with all areas covered. They are looking at other ways to make the office more efficient. They propose to reduce the collector's office hours from 9:00 a.m. until 4:00 p.m. to handle the 4,000 pieces of mail and 600 phone calls divided between six people during the high collection period. There will be an increase in postage this month. They

do have long term contracts with suppliers, thereby stabilizing some cost of goods. They are re-evaluating services where they can, such as in the Assessors Office. They are taking duties on the outside, which will lead to savings. The legal services bond cost was increased. They refunded a bond in December that saved the Town money. The cost was \$230,000, but this saved \$46,000 in order to do the refunding. They have also increased conference fees as four new people must be certified. This is a DOR regulation. Procurement has increased as one individual was half in the Water Department and half in Procurement and that has changed to 1/3 in the Water Department and 2/3 in Procurement due to increased needs in Procurement. The employee is Scott Bois. Councilor Conlon asked about the mitigation agreement schedule with the base. Mr. Wilson stated they have a host agreement with the developer at the NAS and one of their agreements was issuing a bond payment for the Chapman boilers in the amount of \$52,500. That payment was due in September. Mr. Wilson has seized \$10,000 recently and seized another \$10,000 today. If the Town has any assets in a company, the Treasurer can seize those assets. It is unlikely that they will advance any funds. The Board of Directors has a very difficult road. They are going to be bonding heavily over the next several months. It is not practical to get any relief from the base at this time. We have a lease with LNR to rent out the Recreation Department and collect fees and a portion of those fees go to LNR.

Mr. Whitaker was not present for the discussion on the Municipal Finance portion of the meeting.

08 031 - Appropriation to Overlay Accounts

James Wilson stated that the Board of Assessors requested surplus funds from 03 & 02 be reappropriated to 06 & 07 in the amount of \$265,708.30.

A MOTION was made by Councilor Molisse and seconded by Patrick O'Connor to recommend favorable action to measure 08 031 to the Full Town Council and was UNANIMOUSLY VOTED FOR APPROVAL.

08 035 - Great Pond Water Treatment Plant Design Supplemental Contract

James Wilson requested approval for \$250,000 for the Great Pond Water Treatment Plant Design Supplemental Contract to be forwarded to the Construction Steering Committee next week. This will complete the design.

A MOTION was made by Councilor Molisse and seconded by Councilor O'Connor to recommend favorable action to measure 08 035 to the Full Town Council and was UNANIMOUSLY VOTED FOR APPROVAL.

A MOTION was made by Councilor Mathews and seconded by Councilor O'Connor to take 08 026G out of order and was UNANIMOUSLY VOTED.

08 026G - Town Clerk

a. Salaries: Explain the 19% reduction in election salaries? Is this simply due to fewer elections

in FY09?

b. Telephone expense: How is it reduced 25%? Is this realistic?

c. Unclassified expenses: What is included in this line item and what is being reduced?

Mr. Frank Fryer stated they now use cell phones for the elections. They are prepaid, one day use, and are locked up the rest of the time. The unclassified expense is the vital record books. They must purchase books for the recording of births, marriage and deaths. They replace them when they get full. They also had a typewriter service. They have a vital record book binding which must be done. They have a time clock maintenance along with the Town of Weymouth Seal and signature stamps. Councilor DiFazio asked if there was a change in personnel, to which Mr. Fryer stated there was no change. Mr. Fryer stated it costs \$20,000 to run an election. There are salaries and voting machine movements. They have one election included in the budget.

08 029 - Clerk's Office - Voting Machine Upgrades

There is a \$250 cost each election to have a person with a laptop tallying votes. There is a one time fee of \$10,500 for software and training for a voter tally system. The laptop PC will be supplied by LHS and can only be used for election purposes.

Councilor Harrington asked if there is a 2 1/2 override question and this would force another election, would that cost \$20,000, to which Mr. Fryer stated it would.

08 026B - Mayor

Mr. Gallagher distributed a synopsis of the savings of \$139,380.00 in salaries resultant from the reorganization.

a. Fire/MV insurance: What is driving the \$60,000 increase in this line item? The November 1st policy is anticipated to increase.

b. Rental expense: What is this rental expense for? Explain the nearly \$7,000 reduction in this line item for FY09. Lee Hultin stated that Town Hall has \$25,000 and divide this by all sports to reimburse for hall rental. This was decreased by \$7,000.

c. PRK/CON/MA: What is this line item of \$68,000? Lee Hultin stated it is a Weymouth/Braintree Pond Meadow Park Maintenance budget that is shared by the Towns. They were asking we pay \$85,000, but it had to be cut to \$78,534.00. There is a line item of \$68,000 and \$10,534.

d. Weymouth-Braintree Recreation: Please provide a brief overview of this expense. What is the total cost to the Town of Weymouth? Answered by the above question.

08 026H – Planning and Community Development

a. Salaries: Please explain the \$7,000 reduction in salaries.

b. Furloughs: Are there any individuals taking voluntary furloughs? If so, what are the total cost savings to the department?

c. Grants: Please provide a schedule that includes job titles, salary allocation, and the fund charged for all grant funded positions. Will these grant funds be available for FY09?

James Clarke provided the committee with a FY09 Salary projection which included the 2% reduction. It indicated the job titles, salary allocation, and the fund charged for all grant funded positions. This also explained the \$7,000 reduction in salaries. There are no furloughs in the Planning department. Ms. Duffy noted that in the budget book, under the Executive Summary, it states under Planning & Development: 'other costs to be reduced or picked up by other funding sources'. Yet, on the FY09 Projection of the Planning Department it states under Salaries, a reduction in staff time furlough in the amount of \$8,463.00. Ms. Duffy that this item be changed in the budget detail. Mr. Clarke agreed. Councilor Whitaker asked if the CDBG funding would be affected in the future. Mr. Clarke stated they are looking at slight cuts as related to CDBG. Councilor Whitaker indicated he is generally concerned about funding town positions with grants as grant reductions will result in service reductions beyond the town's control.

08 026N – Municipal Licensing & Inspections

A. How many individuals are taking leave without pay in order to balance the department's budget? All but one. There is also a reduction in hours for the part-time employee by four hours per week.

B. What is the total cost savings of the furloughs? The cost savings of the furloughs will equal the 2 % mandatory reduction to level fund the budget. This amounts to approximately 6.5 days per employee of furlough time. The Sealer of Weights & Measures is retiring sometime in FY08 and the Building Inspector, Richard Ziegler is training for this position as an additional aspect of his duties. There will be an increase in product cost for the actual weights and measures seals and devices, but a decrease in salary cost to the Town. There has also been a decrease in the amount of fuel utilized but employees have been requested to be more careful in their inspection process.

C. What impact will taking the furloughs have on the services provided by the department? Inspections and responses to complaints may be delayed, but all emergency services will be covered.

Councilor Whitaker asked if the department could handle the base inspections should that get busy and provide a revenue source, to which Mr. Richards stated they would need more manpower if it got extremely busy.

08 026P – Health Department

A. Salaries: How many individuals are taking furloughs and at what total cost savings to the department? Will taking the furloughs have an impact on services? Richard Marino stated there are six non-union personnel who would take approximately seven days without pay. This will impact the department by causing a delay in request for inspections. They will work with the Town and the Department in the best interest of the Town.

B. Clinics: What is driving the increase in this line item? The department orders vaccines in February and March and they arrive in the fall. The department makes a purchase order in one year and encumbers the money for the next. This practice will not continue this year.

C. Grants: What positions are funded by grants? Will the current grant funding be available in FY09? The Wellness Coordinator, Valerie Sullivan, and the Drug Free Coordinator, Lyn Frano, are funded by a grant. They are Town of Weymouth employees. The Department recommends them, and they are appointed by the Mayor. Michael Gallagher stated he would review if they are covered by health and retirement benefits through the Town.

08 026R – Veterans’ Services

What is the reason for an increase of \$96,000 for Veterans Benefits in FY09? Francis Burke stated the Veterans Services Department provides an array of services to Weymouth veterans and their dependents. These services range from providing information and assisting those who meet the qualifications by administering direct financial benefits available under MGL Chapter 115. The department works closely with the local veteran’s organizations and the Weymouth Veterans Council to insure that all veterans are properly honored for their service to our nation. There was an increase of \$96,000 as there was a reserve fund transfer through the Secretary Veteran Commonwealth of Massachusetts. There are a number of new cases. Half way through their year, they were ¾ of a way through their budget. Through Chapter 115 Public Welfare they administer funds which are reimbursed through the state by 75%. The case load increased, therefore the \$96,000 was an increase. They attempt to develop a realistic budget, but the cases are varied and it is economy driven.

08 026V – Commission on Disabilities

No questions. Note: The entire budget of \$392.00 is for Recording Secretaries.

08 026W – Youth and Family Services

No questions. Maureen Duffy had a question relative to what was written in the Budget book and Mr. Gallagher stated he was aware of that matter and would correct the Munis sheets. Comment: The FY09 Budget Request miscalculates the Salary reduction as a result of voluntary furlough. The Salary line item should read \$53,423. The Expense line item should be reduced from \$500 to zero. The bottom line Total remains unchanged. A revision to the budget needs to be made in order that the Salary Line Item is reported accurately.

08 026S – Parks and Recreation

A. Salaries: What drives the increase in the Recreation Management & Administration Salary Line Item? That is a mistake. It is actually a reduction of \$12,000. What is the Exceptional Salary Line Item? That is in relation to the 1 - 2 percent cuts. They are two summer positions. Explain the 41% decrease in funding. The two salary positions. The Mayor requested that they level fund the budget, so they have increased fees to offset their need to provide services.

B. Expenses: Explain the reduction in the Telephone funding. It indicates \$2,000 and actually should be \$3,000. The adjusted budget did show close to \$4,500. The phone has actually increased as money was moved around since the bills are being paid in different times of the year. The Van/Bus Line Item: What is this line item? Is it realistic to reduce it by 86%? The van/bus line item which is almost an equal amount to the decrease in recreation administration/salary line item and again has moved to the other account in order to have a level funded budget.

08 026T – Elder Services

Susan Barnes stated the services are divided between the Town and the grants. They are all Town employees and if they work greater than 20 hours they are entitled to benefits. There is a coordinator of volunteers, a director, a principal clerk, two outreach workers, a senior clerk along with a fulltime bus driver and a part time van driver. There are three voluntary drivers per day and a core of 200 volunteers.

A. Salaries: Discuss the 16% reduction in Transportation Salaries. What services, if any, will be impacted by these reductions? The transportation was over budgeted and should not make a difference.

B. Expenses: Explain the 100% reduction in the amount of \$3,505 for telephone expense. The entire building is now on a central line item for phones, thereby eliminating their phone expense.

C. Friends of Elders: Explain the relationship between Elder Services and the Friends of Elder Services. How much additional funding is needed from the Friends in order to balance the budget for Elder Services? Are these funds guaranteed for FY09? The Friends of Elder Services raise funds to supplement the program. The vans are supported by donations. It is up to the Friends who they fund. We can request, but there is no guarantee. They do have an excellent working relationship. Ms. Barnes does not expect a reduction in services at this point.

A MOTION was made by Councilor O'Connor and seconded by Mike Molisse to adjourn at 9:15 p.m. and was unanimously voted.

Respectfully submitted,
Doreen C. Teodorson/Recording Secretary

Ken DiFazio, Chairman