

**TOWN COUNCIL MINUTES
BUDGET/MANAGEMENT COMMITTEE
Town Hall Council Chambers
May 10, 2005**

Present: Kenneth DiFazio, Chairperson
Susan Kay
Michael Molisse
Colin McPherson
Paul J. Leary

Also Present: Michael Smart
Gregory Shanahan
Joseph Rull, Superintendent of Schools
Mary Jo Livingstone, Assistant Superintendent of Schools
Denise Coleman, Director of Human Resources
Jane Hackett, Chief of Staff
Jim Wilson, Chief Financial Officer

Recording Secretary: Janet Murray

Chairman DiFazio called the Budget/Management Committee Meeting to order at 6:30pm.

Employee Health Insurance - \$8,140,348

Denise Coleman stated that she had redistributed a copy of Health Insurance costs and trends.

She noted that the spreadsheet is broken down into four sections as follows:

1. Health enrollment numbers
Ms. Coleman stated that these numbers are broken down by the number of active school employees, active town employees, and town retirees. She noted that since 2003 there has been an approximate increase of 30 people per year.
2. Health claims
There has been a 40% increase in utilization of outpatient type services. New technology allows for more testing, etc. increase of about 25%.
3. Health administration fee
Harvard Pilgrim acts as the town's third party administrator. A per employee charge is paid for each employee enrolled.
4. Other fees
Stop/loss insurance has been stable. A premium per employee charge is paid for this coverage.

Cook and Company is the town's health care consultant. This fee has remained flat.

The total cost of health insurance over the past three (3) years is as follows:

FY 03	\$8.9 million	
FY 04	\$10.6 million	+19% increase
FY 05	\$9.1 million (YTD-March)	+14.7 increase

She also noted the employee contribution and the town's share have been increased as follows:

FY 95-00	no increase
FY 01-01	15% increase
FY 03	17% increase
FY 04	5% increase (HMO/PPO)
	15% increase (Medicare)
FY 05	2% increase
	15% increase (Medicare)

Ms. Coleman noted that the main reasons for the increases are the costs negotiated with physicians, increased frequency of utilization, and new technology.

Councilor McPherson asked for clarification of Medicare Enhanced. Ms. Coleman stated that this is available to retirees age 65 and over. This is a supplemental benefit.

Councilor McPherson questioned why the number of retirees did not increase because of the early retirement that was offered in FY 2003. Ms. Coleman stated that about 20 people took advantage of this option.

Mr. Wilson stated that per collective bargaining, the town/employee contribution ratio is 70/30 for HMO and 50/50 for PPO.

Employer Retirement Contribution - \$6,973,692

Councilor DiFazio stated that Ms. Silva was not available tonight. He noted that there is information included in the packet. He also noted that if need be, he would have Ms. Silva present at another time.

Retired Teacher Health Insurance - \$2,564,985

Mary Jo Livingstone appeared before the Committee. She noted that when a teacher in Weymouth retires, they are not offered the Town retirement health insurance plan. There is an agreement in place that allows teachers to participate in the State Group Insurance Commission (GIC). This is legislated at a town/employee contribution ratio of a 90/10 split. The cost for this plan to the town is assessed on the Cherry Sheet.

The trend is that more teachers are retiring. Five years ago there was an early retirement incentive plan which allowed teachers to work five years paying 11% more into the plan, and then being able to retire. Ms. Livingstone also noted that since 2003, there has been an increase in retired teachers opting for health insurance family plans. She noted that she predicts that this trend will continue for several years and then level off. She also noted that rates for the cost of health insurance continue to increase.

Fiscal Year 2006 Budget Review as follows:

School Department

Ms. Diane Flemer, and Ms. Karen Berry, Chairperson, members of the School Committee Budget Subcommittee, appeared before the Committee. Ms. Berry noted that Mr. Michael Gallagher is a member of this subcommittee but was not able to be present tonight.

Ms. Flemer stated that the budget is for approximately \$52.5 million.

Mr. Joe Rull introduced Dr. Leo Eagan, Assistant Superintendent for Instructional Services.

Mr. Rull informed the Committee of some of the recent successes in the Weymouth Public Schools. He noted that the new high school opened in September, on time, and under budget. The two middle schools have gotten off to a good start. One Primary school is a blue ribbon school, and three other primary schools have been nominated at Compass schools. The MCAS scores have improved. Mr. Rull noted that there is only one member of the class of 2005 who has yet to pass the MCAS test.

Mr. Rull stated that it is hoped that the budget presented this year will be able to be used as a baseline for future budgets. It includes financial data, but also includes student enrollment, MCAS scores, background information for each of the 21 cost centers, and information about capital projects, grants, and revolving funds.

Ms. Livingstone noted that this budget maintains current levels of service. She noted that there was an increase due to phase II of programs that were started in 2005. This cost is associated with the need for more personnel. She noted that according to Chapter 74, the Culinary II program must now have a baking instructor.

There are eight (8) bargaining units in the school department as well as non-union employees. The WTA Unit A and the Maintenance Workers contracts were settled and are included in this budget. The Food Services Workers contract was also settled but is not in the budget because the payroll is paid from a revolving account.

The non-union workers increases are not included. There are still several contracts that have not been settled and this budget reflects 2004 levels of salary. This includes the Custodian Unit, Unit B Administrators, Paraprofessionals, Tutors, and Van Drivers. Those contracts not settled are budgeted at 2004 levels. Ms. Livingstone projected about \$350,000 in additional funds

needed when these contracts are settled. There is an increase for non-union workers for 2005 but not 2006.

She noted that there are 4.5 new professional positions and 2.5 new support positions. The positions are as follows:

Professional positions (average salary is \$43,500)

- .5 (PT) to provide a full time Principal at the Johnson School
- .5 PT) position is currently budgeted for a half time Principal at the Johnson School
- 1 FT Exploratory position at Adams Middle School.
- 1 FT Baking instructor for Culinary Arts.
- 1 FT Teacher at High School
- 1 FT Teacher at the primary level (possibly at Talbot)

Support positions

- 1 FT Paraprofessional in Maroon Guidance Office
- .5 Health Paraprofessional at Chapman (change in funding source)
- 1 FT Labor/Painter (change in funding source)

Ms. Livingstone noted that there are eleven (11) known retirements. Additionally, she noted that there were overlapping salaries that have since ended. They will not be repeated in the 2006 budget.

Operating expenses have been added. There is a 2% across the board increase. She noted that utilities costs have increased. She also noted that 40% of the new high school is heated by gas because of the roof top units. Electricity, oil, and gas costs were paid for by the contractor for July and August of last year.

Ms. Livingstone stated that the circuit breaker for Special Education costs has been working better than anticipated. She noted that this is a reimbursement formula and is helpful with planning. She noted that the School Department pays the entire tuition to the school. The Town is then reimbursed by the state. This money goes into a fund that acts as a revolving fund. The town is allowed to expense into that fund what has been paid for tuition.

Ms. Livingstone reviewed the State reimbursement rates for two placements, one at the League School with tuition of \$119,000 for a residential student, and one at the Cushing School with tuition of \$38,000 for a day student:

League School - $4 \times \$7000$ (per student foundation rate set by DOE) = \$29,320 which is the town's responsibility for all children in outside placements.

This \$29,320 is subtracted from the \$119,000 for an amount of \$89,680. Of the \$89,680 the DOE reimburses the town 72% which is \$64,000. Weymouth's cost is the difference between the \$89,680 and \$64,000, plus the \$29,320 for a total of \$54,000.

DOE has advised the town to budget for an across the board 2.7% increase. She noted that there will be an increase in the foundation amount (\$7000) in FY 06.

Cushing School - $\$38,000 - 29,320 = \$9,000$. DOE reimbursement of 72% is about \$6000, and the town pays \$31,000 of the tuition.

However, the difference here is that the Cushing School's tuition will increase by 76% for a day student. The additional cost to Weymouth will be \$41,000. This is a 28% increase to the town. The circuit breaker minimizes some of the 76% increase.

Ms. Livingstone spoke about miscellaneous expenses. She noted that the new high school has technology consumables that have increased as a result of the new technology. Toner cartridges and light bulbs are the two items that are most significant. There are also costs associated with the new planetarium.

She noted that there has been a significant decrease in the pay rider revenue. She contributes this to the new configuration of the schools. She stated that there has not been an increase in riders, but an increase in the number of riders who are now eligible for free rides because they live more than two miles from their school. This is especially true at the Chapman Middle School.

Ms. Livingstone pointed out a one time expense, which is that the high school will go through an accreditation process. The Town is responsible to pay to have the reviewers put up in a hotel, to feed them, and to transport them to and from the hotel and school. There is also a \$2500 fee for membership in the New England Association of Schools and Colleges. This fee is assessed yearly.

She noted that only 2% of the school budget goes to instructional materials.

Mr. Swanson asked what the School Department's contribution to free cash will be. Ms. Livingstone stated that there will not be one. She stated that all free cash will be used to meet utilities deficits of approximately \$200,000 to \$250,000.

Mr. Swanson questioned who pays for the position of Director of Maintenance. It was noted that the School Department pays approximately 80% of this salary. DPW pays the other 20% plus 20% is budgeted for snow removal overtime.

Councilor Kay asked for clarification on snow removal. It was noted that sidewalks are done by DPW. The school department vehicles plow school parking lots.

Councilor DiFazio asked if there would be any fee increases. Mr. Rull stated that the only increase was for a photography class at the high school.

Councilor Smart asked if the Fulton School is under school control. It was noted that it is under school control and that the utility costs are minimal. Most of these costs are associated with hall rental.

Councilor Kay asked about the security system at the high school. Mr. Rull noted that the camera system has not been installed yet. He projected that the system would be installed over the summer. All of the security personnel are in place. There is a Police Officer who works full time at the high school.

Mr. Swanson stated that an employer retirement contribution trend analysis was submitted to him by Ms. Costa and Mr. Silva. He noted that the amount of the town's liability has increased from \$5.7 million to \$7 million. The driver for this increase is the amortization of the unfunded liability, which has increased by \$1.5 million. This is the difference between the amount put in and the amount that the town must pay.

Councilor DiFazio asked for clarification on what unfunded actuarial liability is. Mr. Wilson stated that contributions to the retirement fund by retirees could have been 5%, 7%, 9%, or 11%. Those contributing 11% plus the enhancement are actually funding their own pension fund. However, there are those who paid 5% of \$7000, \$10,000, or \$11,000 and are retiring with pension benefits of \$20,000, \$30,000, and \$40,000 dollars. The unfunded liability is the difference between what the person put in, and the return on the investment, which the town will have to pay out. The unfunded actuarial liability has a mechanism for a return on the investment. When the last actuarial study was performed, the return on the investments had declined. Mr. Wilson stated that when looking at the baseline for the next three year study which will begin on January 1st, there appears to be a better rate of return. If this is the case, the unfunded actuarial liability will go down. He also stated that we should not see some of the dramatic changes that have happened in the past three years.

Ms. Hackett stated that there is \$600,000 revenue shortfall projection based on the State's submittal from April 1, 2005. These shortfalls are \$500,000 in lottery revenue, and \$127,000 on the Academy Avenue reimbursement for FY 06, because we received the \$936,000 in 2005. If the revenue is not there- then budget cuts will be required.

Councilor McPherson stated that at previous meetings it was noted that there was \$500,000 in questionable revenue, bargaining contracts not settled, and a 53rd pay week which resulted in \$2 million in costs not accounted for. He also stated that he believes that the Council will come back on in September to vote on the actual amounts.

At 8:30pm, there being no further business, A MOTION was made by Councilor Leary to ADJOURN and was seconded by Councilor Kay and UNANIMOUSLY VOTED.

Approved by: _____
Kenneth DiFazio, Chairperson