

TOWN COUNCIL MINUTES
BUDGET/MANAGEMENT COMMITTEE

Town Hall Council Chambers
November 8, 2007 - Thursday

Present: Kenneth DiFazio, Chairperson
Patrick O'Connor, Councilor
Kevin Whitaker, Councilor

Not Present: Susan Kay, Vice Chairperson
Michael Molisse, Councilor

Also Present: James Wilson, Chief Financial Officer
Maureen Duffy, Town Auditor

Recording Secretary: Mary Briggs

Chairman Kenneth DiFazio called the Budget/Management Committee meeting to order at 6:35 PM. He welcomed Councilor Whitaker as the newest appointed member of the committee, replacing late Councilor Paul Leary.

07 137- Fiscal Year 2008 Supplemental Appropriation II

Mr. Wilson reported that this is a second request for a supplemental appropriation this year, and is typical this time of year, in balancing the budget.

Several budgetary adjustments to be made on the expenditure side include a miscalculation in longevity for one employee, a \$1727 increase in the Solicitor salary line for increased work by the paralegal, \$75,000 increase in DPW budget due to increases in utility costs, \$601 for increase in overtime for the Wey-Bra recreation program (shared cost with the Town of Braintree), and \$3282 to continue retirement contributions for those town employees currently serving active military service.

Mr. Wilson then reviewed the town's health insurance status, beginning with a surplus in 2004 to the current conditions- a projected deficit in 2008 of \$3-4M. The town is self-insured, and claims are reviewed twice a year. Based on 12 months experience, the town is required to budget 13 months. Driving factors are that the demographics are changing- one third of the enrollees are over age 55, and are responsible for 40% of the total claims. That trend is expected to continue. An additional factor is that same group still may have children covered under their insurance. Use of the insurance is also increasing, resulting in increasing costs in claims. A visit to the emergency room is a \$20 co-pay, while the town picks up the balance of the claim for the visit - \$1000. Co-pay costs are encouraging the use of emergency room care. The mandate is to offer health insurance to all employees, including part timers which also affects the projected deficit.

The anticipated \$4M deficit will need to be made up. With the Governor's announcement that the state is also expecting a shortfall, the town can expect to receive less local aide. Mr. Wilson reported that he has met with the heads of all bargaining units, none of which has settled a contract, to conduct a frank discussion on the state of the insurance fund. He also advised that a 14% increase in insurance premiums will be required for all employees enrolled, beginning December 1st to begin to cover the deficit, and an additional 14% increase next year. If the council approves, the letters will go out to all employees on November 15th. (Premiums are paid a month in advance.)

Mr. Wilson then reviewed the revenues. Of \$6.1M in revenues billed, only \$4.3 was collected. Without the ability to collect these revenues, revenue source then declines. An expected increase in foreclosure will result, but the process of foreclosure can take three years.

There was a brief discussion of how the retired teachers' health insurance is state-mandated to be pooled, and which is a large contributing factor to the deficit in the fund. Also discussed was the history of health insurance in general, with the balance shifted from insurers to caregivers in the 1970's. Further discussed was wellness program initiatives, capitation- the directive to treat at a predetermined fee, the current state of stop loss, which has increased from two to eleven employees, and the current part time employees who already do not earn enough to cover their premiums.

Mr. Wilson then reported further on the revenue. \$1.25M is pending the sale of the Fulton School. Because RJS did not make the first round, it most likely will in February, with receipts not seen until June 2008. Local receipts will be increased by \$70,000, from pension benefits and insurance reimbursement for insurance costs that go outside the town (police and firefighter contracts), tax foreclosures, which are anticipated to be \$792,000 (first time line item) and from the sale of town owned property (Randall Street site, for example). A reserve of \$180,000 will be negated with a bad winter. Additionally, the high school project is now complete, and the town should get the final third held by the state -\$359,000. If the tax shift request is passed by the council, there will be an additional \$40,000 in new growth. There is an increase in the rubbish collection revenues, for last year's monies collected this year. The water waste fund (from excise and mooring fees) is expected to be lower due to fewer boats- and amended in the measure to \$60,000 appropriation.

A brief discussion concerning the public hearing to be held on 11/19 followed, along with some suggestions to consider changes and increasing the town's recycling initiatives, and regionalization of services with surrounding towns.

The committee also discussed the collection of excise – Mr. Wilson noted the town is actually collecting more in overdue excise tax than on current because of the additional fines and fees. How the Registry of Motor Vehicles is notified was also discussed, and Mr. Wilson reported that the town is charged a fee by the registry for the service.

Following the discussion, a MOTION was made by Councilor O'Connor to forward item 07 137 to the full council with a recommendation for favorable action and was seconded by Councilor Whitaker. UNANIMOUSLY VOTED.

Mr. Wilson then reminded committee that he would not be present for the next meeting of the Town Council, at which measure 07-136 will be presented for action. He discussed with committee the manner in which the request by the Mayor's office should be presented; essentially a request to accept a gift of \$17,200, and the authority to expend it.

At 8:00 PM, there being no further business, a MOTION was made by Councilor Whitaker to ADJOURN the meeting and was seconded by Councilor O'Connor. UNANIMOUSLY VOTED.

Respectfully Submitted,

Mary Briggs-Recording Secretary