

Town of Becket Finance Committee
Minutes of 07-March-2013 meeting

Present:

FinCom: Ann Spadafora (AS), Steven Labelle (SL), Jeremy Dunn (JD), Maria Wallington (MW)

Select Board: Jeanne Pryor (JP), Bill Elovirta (BE)

Town Administrator: Joe Kellogg (JK)

Absent: Dan Parnell

Call to order @ 7:05p

1. review and approve minutes of Feb 21 meeting. TABLED until next meeting since minutes not yet available.
2. Transfers – none
3. Correspondence – Central Berkshire Regional School District request for joint meeting with Select Board. Agreed to Select Board proposal of either March 20 or April 3. JK to follow up with CBRSD and confirm
4. Town Admin updates
Motion: to Recommend in favor of Special Town Meeting warrant item, to transfer \$50,000 from Free Cash to Legal Expenses. M: MW; S: SL; Vote: Unanimous in favor
5. Other Post Employment Benefits (OPEB)
 - a. JK explained how this subject has arisen, due to financial collapse of commercial firms, and impact on their retirees in Great Recession.
 - b. JK recommends against this because town has taxing authority, and can never run out of revenue. Town cannot go “out of business”; if we did it would be an issue of much greater scope.
 - c. JD pointed out another point that was previously made: there’s a fairly small period of time between likely retirement age, and Medicare age. Town pays for a Medigap policy in this case, but it’s a small percentage of the full insurance premium.
 - d. Becket has accepted the statute in which the town agrees to pay OPEB. Statute says the town must pay at least 50% of the premium; but town can pay whatever it wants above this, and may change the amount it pays, unilaterally. But having accepted, Becket can never opt out.
 - e. Currently, Becket pays the percentage of the insurance premium for each retired employee, which they were receiving at the time they retired. This is “tradition”, not law.

- f. JK observed that the OPEB funds may not be used for any other purpose. If actual obligations are less than anticipated, money is sequestered and cannot be accessed.
- g. Some towns (that borrow a lot) get lower bond rating unless they fund OPEB; but this does not impact Becket much.
- h. Total annual insurance premium Becket pays for retirees is roughly \$65,000, out of roughly \$400,000 total health insurance budget. Approx 16.5% of our total health care bill is for OPEB. There are 27 active employees and 8 retirees taking town health insurance.
- i. In some cases (if the employee chose to take retirement option based on their spouse's life expectancy) then we pay as long as the spouse is alive too.
- j. In short, JK recommends AGAINST funding this future obligation.
- k. If we ever wished to borrow larger amounts of money, ask our bond advisor how much OPEB we must fund to reduce the bond rate; and measure this against how much money we'd need to lock up in an OPEB fund. It might be worth while just to pay the higher interest rate.
- l. If we ever need to fund OPEB, we could pull some money out of the Stabilization fund.

Motion: based on analysis given above, not to fund OPEB at this time. M: JD; S: AS; voted: unanimous.

6. Budget update

New capital proposals by Select Board / Town Admin:

Pickup Truck for Highway Dept. \$38,000

Truck #4 cab and chassis: \$95,000

Town Hall Phone system: \$8,500

Current system will be paid off in FY 2013

Programming current system is difficult

Town including Police : 20 ext / instruments; 5 trunks

Valley Communications recommending VoIP system

\$300/month fee.

\$4500-5000 for new instruments

\$3600 for first year service

Town currently has fractional T1 not enough bandwidth.

need Fiber service from MBI to make VoIP work

\$295/month for new service

\$440/month for current fractional T1

\$700-800/month current bill to Verizon

Request: JK to do 5-year Total Cost of Ownership analysis of current system v. proposed VoIP system

Community Development Grant Writing proposal: \$9,000

Money would be paid to BRPC and Berk Housing Auth.

CBRSD Wahconah renovations: ambiguous article on ATM warrant and election three years ago, was debt-excluded.

CBRSD capital voted / passed

Fire truck payments spread over four years, not five as originally planned

Fire truck has remaining balance due of \$321,600 AFTER this year (per Treasurer). \$109,285 paid this year. THIS IS INCORRECT. Originally cost of truck was \$321,600. JK to get the correct number and amend the budget.

Dump truck financed @ three years for 2.25% (budget) -- will go out to bid. \$6,750 interest over three years.

CBRSD operating budget still tentative. Public hearing March 14th

Senior Transportation : SB not in favor; likely to be removed from warrant

Stabilization: not yet in budget

Free cash not yet in budget; but probably consumed by legal fees.

Other changes:

Tree account doubled \$5k -> \$10k (BE request)

Health Insurance rates received. JK working on budget.

Becket has really bad claims history over the past year.

3.8% percent increase in rates.

Despite this, proposed FY14 budget is actually down from FY13, even with presumption that to-be-hired employees will take family plans; and presumption that existing employees not currently covered might take coverage.

Current budget @ 100% of premiums. Budgeting error. YTD actuals verify that budget is too high. Excess will turn up in free cash.

FY13 will have excess budget due to 6 months w/o town admin health insurance; 3-4 months w/o hwy super health insurance.

Proposal to transfer one employee from highway -> town maint. SB in favor. Likely to make this decision at next meeting. DOLLARS IN BUDGET TWICE. JK: Needs to be removed from Highway budget.

Highway budget still WIP -- JK will prepare budget in time for 2nd meeting (not yet scheduled)

Budget Process

- at next meeting, FinCom to vote line items we feel confident in
- JK to come ready with Highway budget
- Following that we will setup joint meeting with Select Board, at which the budget will be the only agenda item

Next FinCom meetings:

- March 21 (already scheduled)
- March 28 -- FinCom to start recommendations
- April 4 -- FinCom to finish recommendations

- April 11 – joint w/ Select Board
- (leaves time to sort things out)
- Budget ready by May 1
- Annual Town Meeting May 11

JK says: Mark Karlberg: suggests FinCom get compensated. FinCom members not in favor. Decline this suggestion.

Jeremy: moved to ask TA to put \$100k in Stabilization budget. Consensus to do this (no vote).

Other items:

- Salary Survey – tabled till next meeting
- Other business – none
- Public input – none

Adjourn @ 9:02pm

A handwritten signature in cursive script that reads "Stephen LaBelle". The signature is written in black ink and is positioned below the "Adjourn @ 9:02pm" text.