

**ADVISORY AND FINANCE COMMITTEE  
MEETING MINUTES  
of  
June 25, 2014**

A meeting of the Advisory & Finance Committee was held on Wednesday, June 25, 2014. The meeting was called to order by Chairman John Moody at 7:02PM and was conducted in the Mayflower II Meeting Room at the Plymouth Town Hall, 11 Lincoln Street, Plymouth, Massachusetts.

**PRESENT**      **Nine members of the committee were present:**  
Cornelius Bakker, Richard Gladdys, Michael Hourahan, Shelagh Joyce, Ethan Kusmin,  
John Moody, Harry Salerno, Marc Sirrico, Christopher Merrill

**ABSENT**      **Three members of the committee were absent:**  
Kevin Canty, Michael Hanlon, Charles Stevens

**AGENDA ITEMS**

**Fire Department – Reserve Fund Transfer for Equipment Repair**

Fire Chief, Ed Bradley, told the committee that he is seeking a transfer of \$15,000 to replace the transmission in one of the fire trucks. The engine has 3734 engine hours which according to the National Fire Protection Agency translates to equivalent of 157,000 miles (1 hour = equivalent of 42 miles). According to the repair shop in Cranston RI this is not due to neglect or abuse, it was simply worn out. The estimate to repair is \$12,000 but they might find that they need additional parts when they have it all taken apart, that is the reason for the \$15,000 request.

Michael Hourahan asked about the average life of a transmission in a fire engine.  
Chief Bradley said that this is the first time they have had to replace one.

Shelagh Joyce asked if the new transmission would have a warranty.  
Chief Bradley said it would come with a two year warranty.

**Cornelius Bakker made a motion to approve the request to transfer \$15,000 from the Reserve Fund to replace the transmission. Harry Salerno, second. The motion passes unanimously.**

**Snow & Ice Deficit – Reserve Fund Transfer to Reduce Deficit**

Finance Director, Lynne Barrett, said that Advisory & Finance Committee voted earlier in the year to authorize overspending of the Snow & Ice Budget by \$1,360,000. This is the only budget item that the state by statute allows this to be done. The deficit then must be covered by other funding within the existing budget or raised by increasing the following year's tax rate.

Original budget:	\$ 460,000
Authorized to overspend:	<u>\$1,360,000</u>
Total:	\$1,820,000

The amount actually spent was \$1,505,433.30.

Original budget:	\$ 460,000.00
Spent:	<u>\$1,505,433.30</u>
Deficit:	(\$1,045,433.30)

The Reserve Fund now has a balance of \$115,000 (\$130,000 - \$15,000 approved for fire truck transmission = \$115,000). If we transfer the \$115,000 remaining in the Reserve Fund to offset the Snow & Ice deficit:

Deficit:	(\$1,045,433.30)
Reserve fund transfer:	<u>\$ 115,000.00</u>
Remaining Deficit:	(\$ 930,433.30)

Michael Hourahan asked about the timing of using the Reserve Fund.

Lynne Barrett said that June 30 is the deadline as it is the end of the fiscal year.

Harry Salerno asked when deficit spending is authorized and when the actual deficit gets cleaned up. Lynne Barrett said that this deficit spending can be done throughout the course of the year. If this transfer is approved then on the balance sheet at the end of the fiscal year (June 30, 2014) she will record a reservation of deficit for Snow & Ice in the amount of \$930,433.30. Then after Town Meeting that amount will be added to help determine the tax rate in December.

John Moody said that by transferring the \$115,000 from the Reserve Fun we are reducing the deficit we carry forward to next year and therefore reducing the tax rate increase of 10 cents to 9 cents.

Lynne Barrett said that was correct.

**Cornelius Bakker made a motion to authorize the transfer of \$115,000 from the Reserve Fund to offset the Snow & Ice deficit for FY2014. Rchard Gladdys, second. The motion passes unanimously.**

#### **Member Benefits - End of Year Transfer:**

Lynne Barrett said that a shortfall was anticipated in Member Benefits and in the spring at the Annual Town Meeting and additional \$203,000 was appropriated. Based on estimates it appears there will now be a shortfall of about \$12,000. Managed Blue and 111F were underestimated. She is asking for a \$20,000 end of the year transfer to cover the estimated \$12,000 plus additional items that might come up. The state allows by statute that expenses incurred within the last two months of the fiscal year may be covered by other budget items as long as they stay within the 3% threshold or \$5,000, whichever is greater.

Richard Gladdys asked why there is an \$8,000 difference between the \$12,000 estimate and the \$20,000 transfer request.

Lynne Barrett said it is because of the unknowns that might come up, particularly 100B claims.

Richard Gladdys asked why the departments listed, Police, Fire and DPW, have excess remaining in their budgets at the end of the fiscal year.

Lynne Barrett explained that those excesses are mostly due to unfilled vacancies in those departments.

Ethan Kusmin asked about 100B and 111 claims.

Lynne Barrett said that 100B claims are police and fire retirees that retired with disability during the line of duty and that 111 is similar to workers comp for active police and fire personnel.

Shelagh Joyce asked about the Medicare Part B penalty.

Lynne Barrett said that the town adopted Section 18 Under 32 Mass General Laws, where employers had to cover the penalty due when employees that stayed on our health insurance plans then switched to Medicare.

**Christopher Merrill made a motion to approve the budget transfer of \$20,000 from the Salary Reserve budget to Member Benefits to cover the shortfall. Cornelius Bakker, second.**

Michael Hourahan said that with 7 days left in the fiscal year \$20,000 seems conservative. Lynne Barrett responded that because 100B expenses/bills can incur through June 30 but we may not see the bill until July, August or September but if service was delivered on or before June 30 we have to fund it from that fiscal year.

Michael Hourahan asked if we choose to fund the \$12,000 now and additional invoices come in, is there a penalty or what would the procedure then be.

John Moody said that by approving the extra \$8,000 now we would avoid excess procedures in the future.

Michael Hourahan asked where the \$8,000 comes from, it seems arbitrary not a hard number.

John Moody said that it is just an estimated reserve or cushion. He pointed out that as a member of this committee you have a right to modify the amount by making a motion to amend.

Shelagh Joyce asked what about the average claim amount.

Lynne Barrett said that the average changes every year.

John Moody said that a reserve of \$40,000 is not an unreasonable amount and may even prove inadequate in the future.

Harry Salerno said that the reserve amount is not troubling based on the estimates.

Richard Gladdys asked that if nothing happens will the extra \$8,000 go back in the budget.

John Moody replied that yes it falls to free cash certified at the end of the year.

Richard Gladdys asked if unspent department budgets could also be used to pay the snow and ice line that was voted earlier.

John Moody said that since the state allows what we approved, we will take advantage of that method.

Lynne Barrett said that snow and ice could not be covered by other departments' budgets because the deficit must be incurred in May and June.

**Returning to the motion on the table, the motion passes unanimously.**

**Member Insurance – End of Year Transfer:**

Lynne Barrett asked to defer this request at this time. The Finance Department is still in the process of analyzing. As of June 25 there is an available balance of 1.24 million but Plymouth Retirement and the Town's portion of Mass Teachers Retirement have not been posted for May and June yet. Direct payers from both the town side and the school side are not all calculated yet. We also have not received reimbursement from Carver yet for their portion of the teachers' retirement. There is a potential overall shortfall of \$800,000 but that number will be finalized for the July 10 or 16 meeting.

Shelagh Joyce asked why the retiree medical costs differed from \$794,000 in May to \$831,000 in June.

Lynne Barrett said that those are paid a month in advance and that the rates when up for June's payment for July.

Michael Hourahan asked if those May and June amounts are fixed.  
Lynne Barrett said that they are estimates.

John Moody asked if the \$800,000 shortfall is against what was budgeted or against the Trust Fund.  
Lynne Barrett said it was for what was budgeted.

John Moody asked what the balance is in the Health Insurance Trust Fund.  
Lynne Barrett said that it was negative \$1.2 million but not all has been posted yet so not sure what is exact balance to date.

John Moody said he would like to see the Trust Fund estimated balance because we need to look at the long term implications of the Trust Fund and if we can get away with transferring less. We need to look at broader picture.

Lynne Barrett said that when we develop the health insurance budget it is 2 years in advance and in looking at rates for the plan, the trust is taken into consideration and plays a part in developing that rate.

**Item is deferred.**

### **Liaison / Sub-Committee Updates**

#### **Revenue Task Force**

Linda Benezra and Michael Duffley have been on the Revenue Task Force. They are stepping down. John Moody has stepped up into one of those spaces. He is looking for one more to volunteer for the Task Force and will try to fill that seat at the next meeting.

Richard Gladdys said that he heard the Revenue Task Force had divided into 13 subcommittees and asked if there was any more information about that.

John Moody said that he has attended one meeting so far so would have additional information and more of a thorough understanding of the Revenue Task Force at a future meeting. There were a lot of great ideas being discussed. They are looking at opportunities regarding PILOTS, GILOTS, SILOTS, power plant, etc. They are looking for a volunteer that is able to do some "heavy lifting" and make a commitment.

#### **Other**

Regarding the Anaerobic Digestion Facility discussed at last meeting, JB reached out to John Moody after the meeting about adding an Advisory & Finance Committee member to the task force to begin looking at the RFP process. Harry Salerno was asked and accepted that role. Harry Salerno reported that they have not had a meeting yet. He will be reviewing paperwork generated in July and that a meeting would be happening before long with potential bidders. He will keep us posted. John Moody said it is important for us to recognize the willingness of Town management to invite Advisory & Finance to take part in this project.

### **Meeting Minutes**

None at this time.

John Moody reported that at the July 16 meeting we expect to have a replacement for Pam Borgatti which was confirmed by Lynne Barrett.

## **Old Business, New Business, Public Comment**

### **Appointments**

Appointment letters have been issued.

Mr. Kusmin, Mr. Sirrico and Mr. Merrill have been reappointed.

Also have 3 new members:

Kevin Lynch will be replacing Mr. Duffley.

Two regular replacements filling in spots of Linda Benezra and Nancy McSpadden are Harry Helm and Kevin Hennessey.

John Moody pointed out that more than 50% of committee members will have less than 1 year experience on the committee which may create challenges but will be interesting.

Richard Gladdys suggested and John Moody agreed that the mentor network may need to expand.

### **Upcoming Meetings**

Next meeting on July 10<sup>th</sup> is a joint meeting with the Building Committee to review the PGDC parking project. Members are encouraged to attend so there will be a quorum.

Next standard meeting is July 16th.

### **Reorganization**

John Moody said that there was an issue raised last year that a new member did not realize that committee would be reorganized in July. So this is now an announcement 1 month in advance that reorganization will happen at the July 16 meeting. Members will be electing a Chair, 1<sup>st</sup> Vice Chair, and 2<sup>nd</sup> Vice Chair.

Harry Salerno is interested in seeking reelection for 2<sup>nd</sup> vice chair if there is no one "with a burning desire" to seek that position.

Michael Hanlon told John Moody that is interested in running again for 1<sup>st</sup> vice chair.

John Moody will seek Chair position again.

If anyone is interested in running for any of these three positions they are more than welcome to run as well.

Michael Hourahan suggested that an email be sent to the 3 new members so they know to expect the reorganizing.

John Moody said that yes that will happen and that it is odd timing that the new members are appointed July 1 and are expected to cast a vote 2 weeks later at their first meeting regarding reorganizing the board.

**Christopher Merrill made a motion to adjourn. Harry Salerno, second. Motion passes unanimously.**

**Meeting adjourned at 8:27PM.**