



Town of Wayland Massachusetts

Finance Committee

Paul Grasso
Thomas Greenaway
David J. Gutschenritter
Cherry C. Karlson
Sam H. Peper
Bill Steinberg (Chair)

Finance Committee Meeting Minutes August 20, 2012

Attendance: B. Steinberg (Chair), C. Karlson, T. Greenaway (7:30), P. Grasso, S. Pepper

The meeting was called to order at 7:08 in the Town Building, SC Conference room. B. Steinberg announced that WayCam was recording the meeting for broadcast.

1. **Public Comment:** Molly Upton stated her hope that we would give a budget directive to the departments to trim their budgets.
2. **FinCom Comments:** B. Steinberg explained that beginning with our next meeting, FinCom will address the FY2014 budget process and begin the work of setting the budget guideline.
3. **Peer Town Study:** S. Peper presented the work he completed to update the Peer Town analysis last completed in 2009. For discussion, he handed out a document titled "2012 Peer Town Analysis Update – Commute Only Rankings" and one showing prior and suggested peer towns (both attached). S. Peper created an index against which to compare Wayland's measurements with the basic threshold being commuting distance. The other four considerations are population density, affluence, residential v. commercial tax base and percentage of school age children.

The committee discussed the data including regional school districts, towns that fall out with the updated data, and the changed DoR methodology for calculating per capita income. The committee agreed to review the data for further discussion and vote at our next meeting.

4. **Health Insurance Review:** John Senchyshyn presented a detailed history of Wayland's healthcare offerings and negotiated changes over the last 10 years. He provided a document titled Health Insurance Savings (3 pages, attached) to facilitate the discussion. T. Greenaway asked how the savings have been used. J. Senchyshyn explained that the savings shown cannot be compared to the budgeted numbers. Going forward, the 32B budget will be built from the bottom up based on current enrollments and estimated changes. There was agreement on the committee that the 32B budget will be tighter for FY14.
5. **Follow-up on FY2012 Budget:**

- a. **Advanced Life Support:** At B. Steinberg's request, J. Senchyshyn also discussed the reasons for the FY2012 reserve fund transfer related to ALS. Due to staffing levels that differed from estimate, the program incurred more training expense than planned. The reserve fund transfer covered this expense. Separately, some ALS shifts could only be covered by BLS staff and funds were saved on salary expense. These were returned to the Town. The committee received a memo prepared by the Fire Chief (attached) as background to this discussion.
 - b. **Encumbered Funds:** Based on a staff memo (attached), the approximately \$500,000 in encumbered funds predate the Finance Director and Town Administrator. The auditor was aware of the funds and they were included in the financials. The funds were closed out in FY12 and fell to free cash. This is a one-time occurrence and there are no other stale encumbered amounts.
 - c. **Insurance 32B account:** The committee was not comfortable with the explanation of the approximately \$500,000 closed out from the staff withholding account. It was agreed that the Chair would request the BoS and the Audit Committee to ask the Auditor to include a review of this account in this year's audit.
6. **Minutes:** The minutes of June 25, 2012 were reviewed. A motion was made and seconded to approve the minutes as amended. Vote: 4-0-1 (Grasso). The minutes of July 9, 2012 were reviewed. A motion was made and seconded to approve the minutes. Vote: 4-0-1 (Grasso). The executive session minutes of July 9th were held for review and vote until our next meeting which will contain an executive session.
7. **Chairman's Update:**B. Steinberg discussed
- a. Donna Bouchard sent an email to the committee this afternoon, which not all members may have received yet. Discussion of any outstanding items will be held for the next meeting.
 - b. Potential meeting dates are August 27 (discussion of budget process and schedule with the Town Administrator), Sept 10 (discussion of FY14 budget guideline) and Sept 24 (discussion of FY14 budget guideline).
 - c. Contacting The Segal Group to give an overview/macro level discussion of OPEB.
 - d. Requesting an updated status of the Town buildings usage study.
8. **FinCom Members Reports and Concerns:**
- a. C. Karlson reported that Aida Gennis, chair of the Library Trustees, stated discussions were ongoing with the Council on Aging and the Board of Selectmen regarding a new building at Town Center.
 - b. S. Peper requested an update on the status of the DPW building project.
 - c. C. Karlson reviewed an email she received from the Energy Committee regarding the potential purchase of the streetlights. Further research is required and C. Karlson will follow-up.
 - d. T. Greenaway reported that he will attend the Audit Committee meeting on August 27th. Also, he requested that the committee receive an updated estimate of free cash as part of the budget discussion with the Town Administrator and that we hold an executive session related to negotiations during our next meeting.

At 8:35pm, the meeting was adjourned.

Respectfully Submitted,

Cherry Karlson

Documents:

Peer Town Analysis

2012 Peer Town Analysis Update – Commute Only Ranking

2012 Peer Town Analysis Update – Towns

Health Insurance discussion

Health Insurance Savings 2006-2013

Original Plan 2006-2011

Health Insurance/Wage Summary (worksheet)

ALS/Paramedic Service, Budget vs. Actual, August 13, 2012

Staff Memo: Discussion of Health Insurance Expenditures and Encumbrances

Draft Minutes of June 25, 2012

Draft Minutes of July 9, 2012

2012 Peer Town Analysis Update

DRAFT FOR DISCUSSION ONLY

DOR Code	Municipality	County	PD_INDEX	RANK_PD	AP_INDEX	RANK_AP	TB_INDEX	RANK_TB	SP_INDEX	RANK_SP	AVG_INDEX	RANK_ALL	SELECTION
002	Acton	MIDDLESEX	126.7	34	39.7	26	240.4	28	106.0	7	126.7	36	
009	Andover	ESSEX	125.6	35	45.1	22	282.7	13	90.4	20	125.6	29	
010	Arlington	MIDDLESEX	969.6	3	31.5	42	115.4	44	54.9	52	292.8	5	
023	Bedford	MIDDLESEX	113.6	39	35.2	31	403.8	12	88.8	22	150.4	30	
026	Bellmont	MIDDLESEX	622.2	8	47.1	20	115.4	44	77.5	34	215.5	15	
027	Beverly	MIDDLESEX	96.5	56	35.8	30	470.0	6	106.0	7	168.3	26	
046	Brookline	NORFOLK	1014.1	2	41.6	23	180.8	34	56.7	50	323.3	2	
048	Burlington	MIDDLESEX	243.1	24	24.8	48	690.4	2	71.7	41	257.5	8	
050	Canton	NORFOLK	133.5	32	32.9	36	432.7	10	73.0	39	168.0	27	
051	Carleton	MIDDLESEX	37.0	59	66.9	9	38.5	60	82.8	30	56.3	60	
065	Chatham	NORFOLK	89.4	44	61.1	12	136.5	40	98.2	16	96.3	49	X
067	Concord	MIDDLESEX	83.1	49	78.1	7	178.8	35	82.8	30	105.7	46	X
071	Danvers	ESSEX	233.9	26	23.6	50	513.5	5	66.1	45	209.3	16	
076	Dover	NORFOLK	42.8	58	116.1	2	50.0	59	104.6	9	78.4	56	
100	Haverhill	MIDDLESEX	318.9	21	20.8	54	438.5	9	57.9	47	209.0	17	
119	Haverhill	ESSEX	62.4	55	40.4	24	105.8	48	75.0	36	70.9	58	
121	Hingham	PLYMOUTH	115.6	38	50.7	17	246.2	27	90.3	21	125.7	38	
136	Hudson	MIDDLESEX	84.9	47	31.8	40	236.5	29	101.6	11	114.2	42	
139	Hopkinton	MIDDLESEX	65.9	52	46.4	19	379.2	18	110.7	5	136.1	35	
141	Hudson	MIDDLESEX	194.4	29	21.1	53	387.9	14	76.0	38	194.4	28	
155	Lexington	MIDDLESEX	224.4	27	55.6	15	251.9	24	98.6	18	157.6	31	
157	Lincoln	MIDDLESEX	51.9	57	67.9	8	71.1	58	117.6	1	77.6	57	
158	Littleton	MIDDLESEX	63.0	54	28.6	43	415.4	11	87.3	26	148.6	33	
164	Lynnfield	ESSEX	134.1	31	38.2	27	158.8	36	95.0	17	105.8	45	X
166	Manchester by the Sea	ESSEX	64.8	53	80.0	6	126.9	43	86.7	27	89.6	53	X
168	Marblehead	ESSEX	512.7	13	46.9	21	103.8	49	77.5	35	185.2	21	
170	Marlborough	MIDDLESEX	214.0	28	21.5	52	615.4	4	57.8	48	227.2	11	
171	Martinez	PLYMOUTH	103.5	41	27.3	44	144.2	38	88.4	23	90.9	52	X
175	Medford	NORFOLK	97.2	43	48.8	18	111.5	47	115.2	4	93.2	51	X
176	Medford	MIDDLESEX	809.0	5	20.4	55	250.0	25	42.0	57	280.4	6	
178	Milrose	MIDDLESEX	674.4	6	26.8	45	113.5	46	87.8	44	220.6	14	
189	Milton	NORFOLK	242.8	25	40.0	25	78.8	57	69.7	42	107.8	44	X
196	Nahant	ESSEX	322.4	19	32.5	37	80.8	56	29.0	60	116.2	41	
198	Natick	MIDDLESEX	256.6	23	33.8	35	490.0	8	72.6	40	203.2	18	
207	Newton	MIDDLESEX	553.0	11	62.8	11	205.8	32	68.7	43	222.6	13	
210	North Andover	ESSEX	124.7	36	34.5	32	259.6	22	80.0	32	124.7	39	
213	North Reading	MIDDLESEX	131.8	33	32.5	38	246.1	26	85.7	29	124.5	40	
229	Peabody	ESSEX	365.4	18	19.0	57	453.8	7	57.1	49	224.1	12	
243	Quincy	NORFOLK	644.7	7	20.0	56	338.5	16	48.5	55	262.9	7	
244	Randolph	NORFOLK	373.9	17	17.8	60	269.2	21	44.4	58	176.3	24	
246	Reading	MIDDLESEX	252.1	22	31.8	41	190.4	33	87.6	24	150.5	32	
258	Salem	ESSEX	596.4	9	18.0	58	330.8	17	53.4	54	250.1	9	
264	Scituate	PLYMOUTH	123.7	37	32.0	39	86.5	54	87.4	25	82.4	54	
266	Sharon	NORFOLK	88.6	45	38.0	28	155.8	36	92.5	19	93.7	50	X
269	Sherborn	MIDDLESEX	30.2	60	104.1	3	88.5	53	104.6	9	61.8	55	
284	Stoneham	MIDDLESEX	408.7	15	24.2	49	223.1	30	58.7	51	177.9	23	

2012 Peer Town Analysis Update

DRAFT FOR DISCUSSION ONLY

DOR Code	Municipality	County	PD_INDEX	RANK_PD	AF_INDEX	RANK_AF	TS_INDEX	RANK_TS	SP_INDEX	RANK_SP	AVG_INDEX	RANK_ALL	SELECTION
250	Saltbury	MIDDLESEX	85.0	46	66.5	10	136.5	40	117.6	1	101.4	47	
251	Swampscott	ESSEX	520.9	12	37.7	29	138.5	39	80.0	33	196.5	19	
305	Warefield	MIDDLESEX	391.3	16	25.6	46	300.0	19	45.3	46	195.6	20	
308	Waltham	MIDDLESEX	559.7	10	21.6	51	636.5	3	39.9	59	314.4	3	
354	Woburn	MIDDLESEX	910.3	4	25.2	47	367.3	14	40.3	58	335.8	1	
315	Weyland	MIDDLESEX	100.0	42	100.0	4	100.0	91	100.0	13	100.0	48	X
317	Windsley	NORFOLK	322.3	20	99.8	5	215.4	31	86.3	28	180.9	22	
320	Worham	ESSEX	74.0	51	51.7	16	82.7	55	75.0	36	70.8	59	
328	Woburn	WORCESTER	104.3	40	33.8	34	719.2	1	92.7	18	237.5	10	
330	Woburn	MIDDLESEX	84.1	48	34.4	33	271.2	20	116.6	3	126.5	37	
333	Woburn	MIDDLESEX	77.6	50	168.8	1	92.3	52	101.5	12	110.0	43	X
335	Woburn	NORFOLK	156.3	30	56.3	14	255.8	23	106.1	6	143.6	34	
344	Winchester	MIDDLESEX	414.9	14	58.5	13	103.8	49	98.7	14	169.0	25	
348	Woburn	SUPPLUK	1030.7	1	17.9	59	134.6	42	53.5	53	309.2	4	

POP_DEN_SM	763	709	1,144	553	883	829	2,071
AREA (SQ MI)	9.9	24.9	10.1	9.3	28.5	14.5	13.0
2010_POP	7,542	17,668	11,596	5,136	25,132	12,024	27,003
County	NORFOLK	MIDDLESEX	ESSEX	ESSEX	PLYMOUTH	NORFOLK	NORFOLK
Municipality	Cohasset	Concord	Lynnfield	Manchester By The Sea	Marshfield	Medfield	Milton
Towns	Carlisle	Cohasset	Concord	Lincoln	Lynnfield	Medfield	Scituate
2009 PEER TOWN LIST	1	2	3	4	5	6	7

	756	725	662
	23.3	24.4	17.0
	17,612	17,659	11,261
NORFOLK	MIDDLESEX	MIDDLESEX	
Sharon	Sudbury	Weston	
Sharon	Sudbury	Weston	
	8	9	10

	853
	15.2
	12,994
MIDDLESEX	
Wayland	

FALL-OUTS
from 2009
Analysis

SMI	316
AREA (SQ MI)	15.4
2010_POP	4,852
County	MIDDLESEX
Municipality	Carlisle

	1,055	443
	17.2	14.4
	18,133	6,362
PLYMOUTH		MIDDLESEX
Scituate		Lincoln

The following 3 pages were provided by John Senchyshyn, Asst. Town Administrator:

HEALTH INSURANCE SAVINGS

2006 through 2013

FY Year	Annual Ins Inc	Health Insurance Savings				Negotiated Mitigation			Net Savings
		Section 18	HIW	Rate Savers	Annual HI Savings	Wages	HRA Fully Funded	Total Mitigation	
2006			34,362		34,362				34,362
2007	12.4%	222,982	84,425		307,407				307,407
2008	9.2%	260,300	170,730		431,030				431,030
2009	7.6%	284,716	247,241	300,146 *	832,103	191,801		191,801	640,302
2010	6.9%	305,741	277,096	299,208 *	882,045	256,009		256,009	626,036
2011	6.4%	324,857	286,201	308,027 *	919,085	73,161		73,161	845,924
2012 ^	7.0%	295,000	233,583	768,293 *	1,296,876	284,161	254,094 #	538,255	758,621
Total		1,693,596	1,333,638	1,675,674	4,702,908	805,132	254,094	1,059,226	3,643,682
2013 Projected	0.0%	295,000	227,193	1,283,375 *	1,805,568	74,990	353,700	428,690	1,376,878
Total		1,988,596	1,560,831	2,959,049	6,508,476	880,122	607,794	1,487,916	5,020,560

^ Conversion from HMOs to mandatory RSPs for all participants

* Savings are comparison between actual RSP enrollment and rates and comparable HMO enrollment and rates

Total Fy 12 expenditure

HEALTH INSURANCE SAVINGS

Original Plan - 2006 through 2011

FY Year	Annual Inc	Health Insurance Savings				Wage Adjustments					
		Section 18	HIIW	Rate Savers	Annual HI Savings	2009-2011 Decision Town/School 500/750	2009-2011 Impact School .5%/ .5% *	2012-2014 Stipend ** No Teachers 1.26%	2012-2014 HRA Fully Funded	Total Adj	Net Savings
2006			34,362		34,362						34,362
2007	12.4%	222,982	84,425		307,407						307,407
2008	9.2%	260,300	170,730		431,030						431,030
2009	7.6%	284,716	247,241	300,146	832,103	47,500	144,301			191,801	640,302
2010	6.9%	305,741	277,096	299,208	882,045	71,250	184,759			256,009	626,036
2011	6.4%	324,857	286,201	308,027	919,085		73,161			73,161	845,924
2012 ^	7.0%	295,000	233,583	768,293	1,296,876		73,161	211,000	254,094	538,255	758,621
Total		1,693,596	1,333,638	1,675,674	4,702,908	118,750	475,382	211,000	254,094	1,059,226	3,643,682
2013	0.0%	295,000	227,193	1,283,375	1,805,568	0	74,990	0	353,700	428,690	1,376,878
Total		1,988,596	1,560,831	2,959,049	6,508,476	118,750	550,372	211,000	607,794	1,487,916	5,020,560

^ Conversion to mandatory RSPs

* School .5% not added to base.

** 1.5% Stipend include in original projections as year 1 increase as opposed to a % increase.

HEALTH INSURANCE/WAGE SUMMARY

Original Plan

Year	Health Ins Savings	Wages w/ .5% / .5% Increase	Decision Bonus	Net Annual Savings	Net Cum Savings
FY 09	248,995	161,250	51,270	36,475	36,475
FY 10	313,761	331,389	76,900	-94,528	-58,053
FY 11	378,388	341,331		37,057	-20,996
FY 12	450,171	351,570		98,601	77,605
FY 13	536,357	362,118		174,239	251,844
5-Year Total	1,927,672	1,547,658	128,170	251,844	

Actual Results

Year	Health Ins Savings	Wages w/ .5% / .5% Increase	Decision Bonus	Net Savings	
FY 09	300,146	#REF!	47,500	#REF!	#REF!
FY 10	299,209	#REF!	71,250	#REF!	#REF!
FY 11	308,028	#REF!		#REF!	#REF!
FY 12					
FY 13					
5-Year Total	907,382	#REF!	118,750	#REF!	

ALS/Paramedic Service
Budget vs. Actual
August 13, 2012

History

Prior to 2009, all area fire departments provided paramedic service to their seriously ill or injured ambulance patients by requesting assistance from other agencies; either hospital-based paramedic services or private ambulance companies. After two hospital-based services closed and it became clear that private ambulance companies alone could no longer provide adequate paramedic service in terms of response time and availability, the Wayland Board of Selectmen set up a committee to study paramedics service delivery methods. As a result of the committee's report, the Wayland Fire Department started a process to transition from a Basic Life Support (BLS) ambulance service to an Advanced Life Support (ALS) service.

The Goal – A Transition to Full-Time ALS Service

The transition to an ALS transport service involves two strategies. When new Firefighters are hired, they are hired as a Firefighter/Paramedic. We currently have 3 full-time Firefighter/Paramedics on staff. We have set a minimum target of 10 Firefighter/Paramedics (out of 24 full-time Firefighters) to provide ALS transport service 24 hours/day. The second strategy provides a training opportunity for existing personnel to become paramedics. Currently we have a total of 4 Firefighters in paramedic training classes. One may complete training in October/November this year, 1 may complete training in mid 2013, and two have just started the basic courses, so a course completion target date for them might be mid 2014.

Sharing the Per Diem Medics

On October 26, 2009 with a staff of 17 Per-diem Paramedics, Wayland started a shared ALS Intercept Service. The goal of this intercept service was to allow Per-diem Paramedics to work alongside basic ambulance transport services (Wayland and Sudbury) during the busiest part of the day to provide ALS services when patient's needs demand the higher level of care. When the Per-diem Paramedic service is not staffed, we continue to rely on private ambulance companies. The Sudbury Fire Department is also planning a transition to ALS transport services, but until Wayland and Sudbury are able to provide ALS services with Firefighter/Paramedics, the current plan for filling the voids with Per-diem Paramedics to help guarantee a dependable ALS service for the two towns to share should be maintained.

Staffing

- The Per-diem Paramedics (who are employed full-time as Paramedics elsewhere) send in their availability monthly and are assigned to shifts
- Each shift (7A-5P) requires 2 Paramedics
- The service is based in Wayland, but responds to incidents in Wayland and Sudbury as needed, meeting the ambulance at the scene.

- Per diem employees receive hourly pay, but no benefits
- October 26, 2009 – The service starts
 - 17 Per-diem Paramedics
 - Operating Hours – 7AM to 3PM (the busiest 8 hours of the day)
 - \$19.50 per hour
- Currently
 - 20 Per-diem Paramedics
 - Operating Hours – 7AM to 5PM (the busiest 10 hours of the day)
 - \$20.19 per hour

ALS Intercept Service - Budget Impact

Currently, the Per-diem Paramedics' labor cost is \$403.80 per shift (\$20.19 per hour X 2 medics X 10 hours). Here is how their labor costs impact the Wayland budget.

- Wayland Incidents
 - When the Per-diem Paramedics are used in conjunction with the Wayland ambulance, we do not get billed by the private companies who would otherwise provide this service and bill us for it. We are “saving” these fees as opposed to paying for them.
 - For private paramedic services on the south side of town, the fee would be \$250. regardless of our success in transport fee collection.
 - For paramedic services provided by Emerson/Pro we would pay approximately 66% of what we collect in billing. Depending on the specifics of the call, the normal range would be between \$264. and \$990. per transport.
 - BLS vs. ALS Billing
 - When we transport at the ALS level of service, we are allowed to bill out at a higher rate. Since our medics are available more often that the private services were, the billing amount is increased. For routine ALS calls the billing difference between BLS and ALS billing is about \$150. When multiple ALS services are provided on serious calls, the billing difference between BLS and ALS is about \$580.
 - It is difficult to pinpoint the true amount of this billing difference, because it depends on when ALS service is available and used. The availability of the private services is determined only when they are needed and we ask them to respond. If they are not available, we would not be able to bill out at the higher ALS rate. Therefore, by making ALS more available with our own Firefighter/Paramedics and Per-diem Paramedics, we are able to bill for services at the higher level, more often.
- Sudbury Incidents
 - When the Per-diem Paramedics are used in Sudbury, we charge Sudbury a \$250. flat fee.

- The fee is returned to the ambulance revenue account
- The fee is charged and collected regardless of Sudbury's transport fee collection success.

2012 Budget Summary/Outcome

- Per diem Paramedic Funding
 - Per-diem Paramedics were funded at \$150,000.
 - Per-diem Paramedics expended \$92,471.80
 - The difference (\$57,528.80) was due to unavailable Per-diem Paramedics (uncovered shifts)
 - The unexpended amount was turned back
- Receipts/Cost Avoidance
 - Wayland ALS Transports
 - Cost Avoidance. 157 ALS transports @ \$250. = \$39,250. Had we used other ALS services, we would have been invoiced and paid this amount from the ambulance revenue account for the services provided by others.
 - BLS vs. ALS Billing Increase
 - \$25,000. Represents an estimate based on the number and types of ALS incidents the Town can expect and the increased availability of service.
 - Sudbury (and Weston) ALS Transport. Weston may call us when their normal ALS service is tied up.
 - 146 Transports @ \$250. = \$36,500.

Adding it up

\$39,250. - Cost avoidance.

\$36,500. - Revenue received because Wayland provides service to others

\$25,000 - Increased ALS Billing

\$100,750. – Savings to town

2013 Budget Shortfall Estimate

Originally the FY 2013 Per-diem Paramedics line item budget did not contain sufficient funding. It is clear that this item needs funding for the entire year (and beyond). After a meeting with Town Administrator Fred Turkington and Assistant Town Administrator John Senchyshyn, we agreed the line item should be restored to \$125,000. This estimate considers the labor rate for FY 2013 (\$20.19) and the expected use of the Per-diem Paramedic work force. This amount is earmarked in the reserved account for salary adjustments in the Unclassified Budget. This set amount includes unexpended per diem funds carried forward from the FY 2012.

The Full-Time Firefighter/Paramedics

As the number of full time Firefighter/Paramedics increase, they are being placed on our normal work shifts, initially in pairs, to provide for ALS transports during their work shifts. Currently our three full-time Firefighter/Paramedics are not able to provide this service because one is in the MA Fire Academy (13-week recruit program) and one is on short term absence due to a job-related injury. When the Fire Department is able to have two Firefighter/Paramedics work together again, they will staff the Wayland transport ambulance and provide ALS transport capability while they are on duty, which represents 25% of the total time ALS is needed. However, for the other 75% of the time we will still need the Per-diem Paramedics (or private service paramedics) in Wayland and until Sudbury starts their full time ALS transport service, they will need outside paramedics 100% of the time.

As existing full-time Firefighters become Firefighter/Paramedics, they are being phased in to providing ALS services, the Per-diem Paramedics will be phased out. This “bridge” concept of transitioning from a basic life support transport service to an advance life support transport service has been very effective. While the bridge is still under construction, the framework of Firefighter/Paramedics has been put into place and until fully operational, a method of providing temporary ALS services in Wayland and Sudbury is working well. Since the plan was started in 2009, the ALS temporary services are available more often and have a shorter response time, which translates to improved patient care.

The Plan for FY 2014 and Beyond

I am suggesting that Wayland attempts to staff the Per-diem Paramedic intercept unit every day until Sudbury starts their own ALS transport service. I am guessing that this could occur anytime from 6 months from now up to 2 years from now. After Sudbury starts their own transport service, the Per-diem Paramedics will still be needed in Wayland as we get closer and closer to our goal of at least 10 Firefighter/Paramedics. As the number of Firefighter/Paramedics goes up, the need for Per-diem Paramedics goes down. We are well on our way with 3 Firefighter/Paramedics on staff and 4 more that are expected to complete their training by mid 2014.

Sudbury in Transition Also

Although there may be some delays that I cannot anticipate or foresee, I expect that within a year, Sudbury will be operating at the level at which Wayland aspires. When Sudbury is able to start their ALS transport service it will mean changes to Wayland’s operations and finances.

- Although we may still provide ALS assistance to Sudbury on 2nd and subsequent simultaneous calls in Sudbury, the need and expense for Wayland Per-diem Paramedics will be drastically reduced.
- Less calls for our ALS intercept service in Sudbury means less revenue for Wayland because we will not longer be charging the \$250. per ALS transport fee.

FY 2014 Budgeting – What to expect.

- Personnel
 - Per-diem Paramedics - \$75,000.

- A conservative estimate for the Per-diem Paramedic salaries would be \$75,000. This figure indicates a decreased need for Per-diem Paramedics due to Firefighter/Paramedics coming into the mix. This estimate recognizes that there is a large “unknown”; when Sudbury will no longer need our Per-diem Paramedics
 - .
 - Overtime - \$4000.
 - Firefighter/Paramedics overtime will increase due to more robust recertification requirements and a larger number of Firefighter/Paramedics
 - Paramedic Stipends - \$27,000.
 - This figure includes the stipends for certified full-time Firefighter/Paramedics and the progress incentives paid while the Firefighters attend the training courses.
 - Expenses
 - ALS Expenses – an increase of \$25,000.
 - As ALS coverage grows, so does the need for increases in ALS supply costs; medication, disposables, and equipment. There are also maintenance agreements for EKG monitors.

Ambulance Revenue Account Net Receipts

Here for comparison, are the net receipts of the ambulance revenue account. Our Per-diem Paramedic service started on October 26, 2009. I believe the increase in FY 2010 is partially due to an increase in billing rates, but increases over and above that are due to being able to more regularly invoice at the higher ALS rate because of our Per-diem Paramedic intercept truck being in operation.

- FY09 \$315,420
- FY10 \$375,531
- FY11 \$408,240
- FY12 \$410,421

Vincent Smith
Wayland Fire Chief

Source: Fred Turkington

Discussion on Health Insurance Expenditures

Historic Practice for Developing the Insurance 32B Budget

The proposed budget for the 32B insurance account has historically been based upon the prior years' experience, projected changes in employee/retiree participation that will occur during the annual May open enrollment period and newly-hired teachers enrollment in September, and the West Suburban Health Group's (WSHG) projected annual rate increase. The Town's proposed operating budget is generally voted by the Finance Committee prior to the final insurance rates being established by the WSHG usually by March 15 of each year. Over the past several years, the WSHG members have chosen to reduce their initial projection of rates, thus lowering the amount set and billed to the member towns. In addition, recent changes to health insurance plan design, the introduction of the waiver incentive program and health insurance reimbursement accounts (HRA's), and adoption of other provisions governing components of the 32B account such as Section 18 mandatory Medicare enrollment and mandatory enrollment in the Rate Saver Plans, add a degree of unpredictability to the experience of the largest portion of the 32B insurance account when comparing budget-to-actual expenditures.

Accounting Practice with Regard to Payments to WSHG

In the past, insurance bills were paid in total out of the 32B account (including the town portion and employee contributions). At the conclusion of the fiscal year, cost-sharing deductions were transferred from the employee withholding account to off-set and balance the 32B expenditures. Since the 32B insurance budget estimate had historically been based on preliminary rates that exceeded actual invoices, only funds necessary to balance the expenditure in the 32B insurance account were transferred. The result was to leave a balance in the employee withholding account that should have been transferred each year to the 32B insurance account that would have resulted in a positive variance between budget and actual in that fiscal year. Starting in June 2012, insurance bills are paid from two accounts - the 32B line-item and the employee withholding account to reflect the appropriate Town/employee allocation of costs as invoiced. In making this change, any remaining accumulated funds held in the employee withholding account were transferred to the General Fund, creating a one-time credit to undesignated fund balance as of June 30, 2012.

OPEB Funding Since FY2008

Since the pronouncement of the OPEB reporting requirement in 2008, funds have been made available or were included within the 32B insurance line-item. The initial OPEB contribution in FY2008 was based on an estimate made in anticipation of receipt of the first actuarial valuation that provided the recommended annual contribution. The funds were set aside pending establishment of the OPEB trust approved by Article 10 of the November 2008 Special Town Meeting and authorized by special legislation which provides for the Town Administrator and Finance Director to supervise and manage the fund comprised of "amounts appropriated or otherwise made available". Because the OPEB contribution is one component of the 32B insurance line-item, no Town Meeting vote is required to move funds into the OPEB trust.

Since FY2009, the recommended annual contribution reflected in the actuarial valuation has been included within the 32B insurance line-item and made to the trust. In FY2010 and FY2011, unexpended funds in the 32B insurance account were deposited to the OPEB account in anticipation of growing liabilities and unfavorable returns consistent with the special legislation. After citizens during FY2012 questioned the process by which additional funds were allocated to the OPEB trust, the Town Administrator and Finance Director requested the Finance Committee to authorize a transfer of available unexpended 32B insurance funds to the OPEB trust. On June 25, the Finance Committee declined to vote any additional contribution, so the unexpended available funds became part of the FY2012 turnback. The 2012 Annual Town Meeting voted to eliminate the recommended annual contribution to OPEB trust, meaning no funds will be added unless the Finance Committee votes to transfer from unexpended available funds within the FY2013 budget. The Finance Committee has not yet considered the 32B insurance line-item for FY2014, but reasonable projections show that a substantial increase will be required to put the OPEB trust into balance with actuarial projections.

Efforts to Tighten the 32B Insurance Budget Proposed for FY2014

With several years of experience with the changes to many of the components that comprise the 32B insurance budget, the Town Administrator and Assistant Town Administrator/Human Resources Director expect to model the variables in constructing the FY2014 proposed budget. This effort will begin with using FY2013 rates and actual enrollments as of October 31, then applying the models developed to estimate the variable components described above, before finally adding an amount reflecting the best forecast of the anticipated rate increase for FY2014. This process will attempt to significantly narrow the historical variance between budget and actual expenditures. The precise difference won't be fully known or understood until June 2014, but by testing the model against FY2013 numbers, the difference should be greatly reduced from prior years' experience. The OPEB portion of the 32B insurance line-item will be based on the actuarially recommended annual required contribution reflected in the most recent actuarial valuation. The amount necessary to meet the OPEB annual required contribution will likely exceed the amount of net reduction expected as a result of the modeling exercise and application of projected rates for FY2014.

Explanation of \$500K Carry-Over Encumbrance from 2005

The \$500K was earmarked on the financial statements of the Town and carried forward each year as designated fund balance prior to the time the current finance director assumed his responsibilities in January 2005 and prior to the hiring of a town administrator in September 2005. We have been unable to determine from available records precisely when this set aside occurred and the manner in which the designation was made. Melanson & Heath is aware of the reserve. Designations of fund balance are customarily made by a governing board or Finance Committee or by the local legislative body. As discussed by the Finance Committee over the past four months, this designation was removed, with the \$500,000 now shown on the financial statements as of June 30, 2012 as part of the Town's undesignated

fund balance. While technically not identical to free cash, undesignated fund balance comprises the overwhelming portion of the amount that once certified by the Department of Revenue as free cash, is available for appropriation by town meeting. A review of the trial balances provided to the Town's auditor confirms there are no other designations or reserves to be liquidated to undesignated fund balance.



Town of Wayland Massachusetts

Finance Committee

Paul Grasso
Thomas Greenaway
David J. Gutschenritter
Cherry C. Karlson (Chair)
Sam H. Peper
Richard M. Stack
Bill Steinberg

DRAFT
Finance Committee
Meeting Minutes
June 25, 2012

Attendance: D. Gutschenritter, B. Steinberg, C. Karlson (Chair), T. Greenaway, R. Stack.

Also Attending: M. DiPietro, Finance Director.

I. Call to Order

The meeting was called to order at 7:03 PM in the Senior Center at the Wayland Town Building.

II. Public Comment

Donna Bouchard recommended that future contributions to the OPEB trust require a Town Meeting vote. She also recommended that the Finance Committee allow the unspent funds in the Insurance 32B account to return to free cash rather than contribute unspent funds to the OPEB trust.

Ms. Bouchard also brought to the Committee's attention a \$500,000 variance between the \$1,545,901 Fund Balance Reserved for Encumbrances on the Undesignated Fund Balance Proof submitted to the Department of Revenue and the \$1,045,901 Fund Balance Reserved for Encumbrance on the Town's general ledger, using the workpapers and emails attached as **Exhibit A**.

III. Board of Assessors: Discussion/update with Bruce Cummings, chairman, and Ellen Brideau, Director

Bruce Cummings and Ellen Brideau explained the proposed changes to section 19-8 of the Town Code, in an attempt to update the Code to better communicate more information at an earlier point in the process with

taxpayers, with reference to a handout attached as **Exhibit B**. They also asked the Committee to support the next steps highlighted on the handout:

- Add full measure and list information to specified reports;
- Move forward with yearly Revaluation notices;
- Move forward our proposed added communications.

The sense of the meeting was that the Committee supported the proposed next steps.

IV. Minutes

V. FY2012 Reserve Fund Transfers: Discussion and vote on year end reserve fund transfers

M. DiPietro presented the following requests for transfers from the Finance Committee Reserve Fund, for the reasons explained in the workpaper attached as **Exhibit C**:

JCC	\$3,500
Fire	\$42,000
<u>Health</u>	<u>\$8,000</u>
	\$53,500

A short discussion period followed. The Fire request was made up of two components, \$30,000 for an unexpected defibrillator replacement, and \$12,000 for additional training. The Committee directed M. DiPietro to ask the Fire Chief to present an update on the ALS program expenses and revenues including a variance report in the fall. After a motion and second, the requested transfers were approved.

VI. FY2012: Discussion and vote, if necessary, of estimated year end givebacks, revenues, cash position.

The Committee discussed the estimated free cash position for June 30, 2012. T. Greenaway presented a draft workpaper showing the estimate. M. DiPietro and the Committee discussed the draft estimate and made several changes. The revised workpaper is attached as **Exhibit D**, which showed an estimated free cash balance of 7.5% of the FY13 operating budget, excluding turnbacks from the Insurance 32B account.

Discussion then turned to the Finance Director's projected \$985,000 balance in the Insurance 32B account at the end of FY12. The balance is made up of two components, \$450,000 in current year health care insurance savings, and about \$435,000 in transfers from the employee healthcare wage withholding account, which represents a permanent savings that accrued over time. M. DiPietro explained that the balance in the employee wage withholding account is now about \$425,000, which represents about one month's worth of the employees' share of FY13 health insurance premiums.

The Committee discussed the options with respect to the \$985,000 expected Insurance 32B balance. If the Committee does not act, then the balance will fall to free cash. The Committee could also contribute the funds to the OPEB Trust. Discussion followed. The Chair noted an email from the Town Administrator, attached as **Exhibit E**, urging the Committee to approve the contribution of the balance to the OPEB trust. B. Steinberg thought

perhaps a compromise was in order. S. Peper, R. Stack, and T. Greenaway spoke against funding the OPEB trust. D. Gutshenritter spoke in favor of the transfer.

The Committee took further public comment at this point, which ran against further contributions to the OPEB trust at this point. M Melnicove spoke against a contribution. A. Lewis also requested that the Committee breakout more line items in next year's budget. A. Boulter asked for a really clear explanation during the budget process of what the town proposed to spend money on and why. L. Segal noted that Natick refinanced its outstanding debt to save money on interest.

Short discussion followed public comment. A consensus emerged that the Committee was not in favor of directing the Finance Director to make an additional contribution to the OPEB Trust. The Committee took no action on the understanding that the balance in the Insurance 32B would fall to free cash.

The Chair noted the upcoming joint meeting in July.

After a motion and a second, the Committee unanimously acknowledged Richard Stack's distinguished service to the Finance Committee, as this was his last meeting.

VII. Adjourn

At 9:05 PM a motion was made and seconded to adjourn the meeting. The motion carried and the meeting adjourned.

Respectfully submitted,

Thomas Greenaway



Town of Wayland Massachusetts

Finance Committee

Paul Grasso
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Sam H. Peper
Richard M. Stack
Bill Steinberg

DRAFT
Finance Committee
Meeting Minutes
July 9, 2012

Attendance: D. Gutschenritter, B. Steinberg (Chair), C. Karlson, T. Greenaway, S. Peper (??)

Also Attending: M. DiPietro, Finance Director.

VIII. Call to Order

The meeting was called to order at 7:11 PM in the School Committee Room at the Wayland Town Building in a joint meeting with the Board of Selectmen, the School Committee, and the Personnel Board.

IX. Executive Session

At 7:13 pm, the Committee voted by a roll call vote to enter executive session to enter executive session as permitted by M.G.L. Chapter 30A, Section 21 (a)(3), for the purpose of discussing strategies with respect to collective bargaining because a discussion of these matters in open meeting may have a detrimental effect on the bargaining position of the Town. A roll call vote was taken.

Greenaway: Yes

Gutschenritter: Yes

Karlson: Yes

Peper: Yes

Steinberg: Yes

The Finance Committee agreed to return to regular session at the conclusion of executive session.

At 7:58 pm, the Committee left executive session.

X. Public Comment

None.

XI. Minutes

After a motion and a second, the Committee unanimously approved the minutes from June 18, 2012 as amended.

XII. FY2012: Follow-up to discussion of year-end closing of accounts

The \$500,000 encumbrance discussed at the last meeting was released to free cash, and W. Steinberg explained that John Senchynsyn will present health insurance actuals for the past several years at the Committee's next meeting.

XIII. Chairman's Update

Next meetings and topics

The next meeting is tentatively scheduled for either August 20 or August 27.

FY2014 Budget process

B. Steinberg explained that he would like to have the town budget presentation to be more in line with the School Committee's budget presentation. Cherry Karlson noted that she had asked Fred Turkington to consolidate the large department reports, to that end. The Committee discussed getting more information from town departments earlier with respect to operating and capital budgets.

Other items

B. Steinberg noted two emails several members of the Committee had received from L. Segal and M. Upton. He said he would distribute them to the Committee.

XIV. FinCom Members' and Finance Director reports and concerns

None.

XV. Adjourn

At 8:35 pm a motion was made and seconded to adjourn the meeting. The motion carried and the meeting adjourned.

Respectfully submitted,

Thomas Greenaway