

FINANCE COMMITTEE

Minutes

September 24, 2018

Regular meeting of the Finance Committee was held on Monday, September 24, 2018 at 7:00 p.m. in Room #112, Town Hall with the following members present: J. Burke, M. Sullivan, M. Trudell, B. Bain, K. Greulich, L. Van der linden, A. Hamilton, D. Shea, R. Nottebart, M. Ahigian, A. Flowers, S. Lawson and R. Ardine, Members absent were E. Barmakian and D. Crowley. Also in attendance was Town Administrator J. Johnson, Finance Director M. Thompson, Town Accountant J. Cuneo, and Fire Chief T. Bailey

7:00 p.m. – Quorum being present, the meeting was called to order by the Chairman M. Trudell.

Town Administrator Updates

Mr. Johnson spoke to the Town's budget process takes place at the Spring Town Meeting. In anticipation, Finance Committee will be meeting with the Board of Selectmen and School Committee on October 1 to discuss OPEB, budget planning, and goal setting.

OPEB – Presented were the Post-Retirement Benefits Actuarial Valuation as of June 30, 2018. The Town's OPEB Liability to be \$41,683,413 with a net OPEB liability of \$38,799,509.

Health Insurance – Administrator provided a background on where the Town stands on the Town's Health Insurance coverage. He is looking to see what can be done to modify the health plans offered by the Town. He will have to meet with the Selectmen and Insurance Advisory Committee for anything under consideration. Any changes that are anticipated to be implemented will need to be discussed with collective bargaining units for both the Town and the School. Any changes will take time to negotiate and implement, but anticipated that there will be a savings for both the Town and employees and a reduction in the Town's OPEB liability. Any changes, he would suggest take at least 10% of the savings and place the money in the Town's yearly OPEB budget appropriation.

Retiree Health Insurance – Town Administrator would recommend that the Town gradually reduce insurance contribution for retirees. Most retirees under 65 pay 20% of their health insurance and the Town pays 80%. He provided the Committee with a spread sheet outlining the savings with any reduction. If all retirees were to pay 50%, there would be savings of \$294,338.98. This would be phased in gradually and reduce the OPEB liability. Employees are eligible for retirement after 20 years, this is state law, and there are no plans to change it.

He would recommend the Town to gradually increase the yearly budgeted funds for OPEB by a minimum of 5% each year.

Free Cash Appropriation – Commit to take at least 2.5% of Certified Free Cash each year and place it in the OPEB Fund.

Norfolk County Assessment – County's forecast show that they continue to be on track to be fully funded for their unfunded pension liability by 2029. Walpole's assessment for current year was \$4,977,378. Assessment is made up of 18% for operating costs and 82% going towards the unfunded pension liability. Assessment has gone up 10-12% each year. He would recommend that the Town commit to using the full portion of the Norfolk County liability assessment once it falls off in 2030 until the OPEB liability is fully funded. That would be an additional \$4,081,449 each year for the Town.

He spoke to the need to take a multi-faceted approach to this scenario and everyone needs to understand that it is going to take many years to address the liability.

Budget Concerns

He expects with all the new buildings, (Police, Fire, DPW and Council on Aging) there will need to be additional staffing.

If the economy comes down, it will affect the Town's Free Cash. Town should have a base and anything additional be put into OPEB.

Prison Mitigation is always a big consideration.

Free Cash monies are used for capital expenditures, etc. There needs to be a real plan for OPEB. Community lacks information and don't understand OPEB and the need to deal with it. People need to be educated and know what the Town is dealing with. If we don't deal with it, won't have the services. Town needs to make progress but don't want to cut services. A certain level of services need to be maintained.

Committee questioned whether the Town is having high Free Cash balances? Town Administrator spoke to being conservative with local receipt numbers. Money has been set aside for the four new buildings and that is how the Town was able to do them without an Override.

October 15, 2018 Fall Annual Town Meeting

Article 19 – Recreational Uses of Jarvis Farm

Sewer and Water Commissioners will be discussing this article and voting on Monday, October 1, 2018 to see whether they support this private petition to use Jarvis Farm for

weekends and holidays. Estimated startup cost would be \$14,000 for a year's trial period for staffing and to see how well this would work and how much it is used. Finance Committee will vote on this article at their October 11, 2018 meeting after receiving information from the Sewer and Water Commissioners.

Minutes

MOTION MADE by B. Bain Seconded by R. Nottebart to approve the **September 10, 2018** Minutes, Motion Passed (13-0-0) (13 voting) Unanimous

Minutes of **September 17, 2018** held for further review.

Meeting Schedule

October 1, 2018 – Joint meeting of the Finance Committee, Board of Selectmen and School Committee in Main Meeting Room, Town Hall at 7:00 p.m.

October 11, 2018 – Regular meeting of the Finance Committee with the public hearing scheduled for 7:30 p.m. to be held in the Community Room, Public Library.

No other meetings scheduled, at this time.

Adjourn:

MOTION MADE by R. Ardine, Seconded by J. Burke to adjourn the meeting at 9:20 p.m. , Motion Passed (13-0-0) (13 voting) Unanimous

Respectfully submitted,

Clare P. Abril
Clerk