



TOWN OF GROTON

173 Main Street
Groton, MA 01450

Sustainable Budget Study Committee

Kevin Forsmo, Chairman
Mark Haddad
Jack Petropoulos
Bud Robertson
Art Prest
Patricia DuFresne
Michael Hartnett
Kevin Brogan
Alison Manugian

MEETING MINUTES

Date: Thursday, July 28, 2016
Time: 7:00 AM
Location: 1st Floor Meeting Room, Town Hall
Members Present: Mark Haddad, Patricia DuFresne, Alison Manugian, Jack Petropoulos, Kevin Forsmo, Kevin Brogan, Bud Robertson, Art Prest, Michael Hartnett
Absent Members:
Others Present: Robin Eibye, Ed Cataldo, Melisa Doig, Ana Elliot, Ellen Baxendale (Resident)

Chairman, Kevin Forsmo called the meeting to order at 7:00 a.m. The agenda was reviewed.

MUNICIPAL OPERATIONAL AUDIT DISCUSSION

Kevin Forsmo opened the discussion. A brief discussion ensued about conducting a municipal operational audit. Mark Haddad said he would fully support an audit but wondered why the Town would spend funds on an operational municipal audit only to determine what we already know. Mr. Haddad said he's confident that municipal operations are outstanding. Mr. Forsmo said that voters' may want to look to an outside person for their review and recommendations. Bud Robertson said no matter what we do, until someone from outside says you're great, you are not because that's how life is. Mr. Robertson noted that a peer group analysis usually finds more efficiency. He noted that many other towns are open four days a week and Groton is open five days, and an audit may help voters better understand municipal operations. Art Prest asked Mr. Petropoulos his thoughts. Mr. Petropoulos said he cannot think of an objective reason to conduct an audit at this time noting that Groton's per capita expense to run the Town lies dead in the middle compared to its peers. Kevin Forsmo said that it's important to look at growth moving forward. Patricia DuFresne thought that bringing someone in from the outside may highlight structural changes that may improve efficiency. Bud Robertson said he felt a peer group comparison would be beneficial. Mark Haddad said the MMA consultant group may be able to help. Ed Cataldo said that the DOR conducts free audits. Kevin Forsmo said that the objective should be to find a group to substantiate the executable Sustainable Budget Committee's recommendations. Kevin Brogan said it's not urgent to conduct an audit at this time; however, the Sustainable Budget Committee should add it to the list of recommendations for the Board of Selectmen. Alison Manugian agreed that it's important to include an audit in the Committee's recommendations to the Board of Selectmen. Mark Haddad recommended that the Committee send a second recommendation to the Board of Selectmen for the expense to conduct such audit. Art Prest said he'd like to bring in a consultant after the Committee submits their recommendations to the Board of Selectmen. Mark Haddad noted that after hearing all the remarks, he feels an audit may make sense. Alison Manugian said the audit would bring credibility to the table. It was agreed that Kevin Forsmo, Mark Haddad, Patricia DuFresne, and Mike Hartnett will research possible auditing consultants and arrange a meeting.

Kevin Forsmo asked the Committee for their thoughts on the best way to proceed with the Committee's presentation to Town employees. Mr. Haddad agreed to arrange the date and time of the meeting, and noted that the bi-monthly support staff meeting may be a good option. A brief discussion ensued about the logistics of the meeting.

BENEFITS & HEALTH INSURANCE PRESENTATION

Mark Haddad, Art Prest, Melisa Doig, and Patricia DuFresne submitted a report to the Committee. Mark Haddad noted that the Town's health insurance is purchased through the Minuteman Nashoba Health Group, which also offers many additional benefits. Mr. Haddad said it's a great organization.

Mr. Haddad noted Tab 2, Frequently Asked Questions. Mr. Haddad said Chapter 32B requires the Town to pay a minimum of 50% of insurance costs and requires that the Town offer health insurance to all employees working 20 hours or more. Mr. Haddad noted the Town accepted 32B, 9D, which has to do with retirees' health insurance. Once it's adopted, it's adopted for life and cannot be revoked or rescinded; however, the cost share percentage can be changed through Town meeting.

Mr. Haddad directed the Committee to Tab 4 – What Municipalities are Paying Toward Cost Share. Mr. Haddad noted that most Towns contribute 70% of insurance and Groton contributes 80%. Mr. Haddad said that in 2013, Minuteman Nashoba Health adopted rates similar to GIC.

Tab 5 – State Wide Averages on What is Being Paid. Mr. Haddad noted that in 2013, the average cost share was at 70% (Groton is at 80%). Mr. Haddad said Groton is within the state average for retirees.

Tab 6 – Minuteman Nashoba Health vs. GIC vs. MIIA. Mr. Haddad said in FY2013, state law changed and municipal health plans were required to be GIC like. Because deductibles, co-payments, and costs increased, Groton provides each full-time employees a \$675 HRA, which was negotiated with the union contracts.

Tab 7 – Health Plan Enrollment. Every 5% on cost share saves the Town \$66,000, which is a one year fix; for retirees every 10% on cost share saves the Town \$34,000.

Tab 8 – Towns that Offer an Opt Out. Mr. Haddad said a good example is the Town of Andover, which pays employees \$2,500 to opt out of health insurance benefits.

Tab 9 – Comparable Towns Cost Share. Mr. Haddad noted that the Town of Pepperell is at 70% cost share and Norfolk at 63% cost share. Mr. Petropoulos asked if the comparable Towns asked to see our survey results. Mr. Haddad replied no.

Tab 1 – Flexible Spending Account. Mr. Haddad said the account is 100% paid by employees, however the Town pays \$2,000 annually for the program. Mr. Haddad said the Town is required to offer basic life insurance to employees which costs the Town \$3,160 annually. Mr. Haddad said that although dental insurance is offered, it is 100% employee funded. Mr. Petropoulos noted that affordability for tax payers is crucial. Kevin Brogan said that in the business industry, health insurance is an 80/20 percent cost share on average and said his sense is that the Town is on the upper end for its contribution to health coverage. Michael Hartnett noted that Minuteman Nashoba Health has \$10 million dollars in reserve that helps keep rates down.

REMAINING WORK TIMELINE DISCUSSION

Mr. Haddad asked the Committee if they have enough information to start looking at solutions and forming recommendations for the Board of Selectmen. The Committee agreed to move forward to determine solutions and recommendations. Mr. Brogan stated that there are just six weeks left before the end of September deadline. Mr. Petropoulos said he didn't think the end of September was reasonable and that the Committee needs to take as much time as needed when determining recommendations. Mr. Haddad said he'd like to see the Committee compile a list of potential solutions and discuss them with the Town employees. Mr. Forsmo said that he would entertain employee provided solutions. Mr. Petropoulos said solutions are of no value unless they are adopted. Mr. Haddad said many of the Committee recommendations are not implementable for at least one year due to contract negotiation timelines. Mr. Petropoulos said it will be a mistake to present solutions before meeting with

employees for their input. He went on to say that it's important to have "prepared minds" before presenting solutions to them. Mr. Robertson recommended holding the employee meeting sooner rather than later so that employees are part of the process, and it will better help them understand the severity of the problem the Town is facing. Mrs. Manugian agreed and said it's a good idea to move forward with the employee meeting so the employees can become part of the conversation. It was agreed to discuss revenue, benefits, tax payer total compensation, and solution development at the Committee's next meeting on Thursday, August 4, 2016.

Alison Manugian said it's important to note that spending on the school side is mandate and regulation driven spending and there isn't much flexibility before running into legal issues.

A brief discussion ensued about socializing solutions with different Town groups.

MINUTES

Draft minutes from July 21, 2016, were reviewed.

Mr. Forsmo moved to accept the July 21, 2016, minutes as written. Bud Robertson seconded and the motion carried 7:0. (Alison Manugian, abstained; Mark Haddad, abstained)

Mr. Forsmo moved to adjourn the meeting at 8:59 a.m.

Respectfully submitted by Robin Eibye, Executive Assistant

APPROVED: August 4, 2016
