



# Franklin Regional Council of Governments

## Finance Committee — *MINUTES*

Date /Time:	Wednesday, January 7, 2015 / 5:30 p.m.
Location:	JW Olver Transit Center, 12 Olive Street Greenfield, MA – Downstairs Meeting Room
Facilitator:	Lynn Sibley, Chair

### ATTENDEES:

- Lynn Sibley, Chair, Whately Representative
- John Payne, Shelburne Representative
- John O’Rourke, Conway Representative
- Thomas Sharp, Erving Representative

### STAFF:

- Linda Dunlavy, Executive Director
- Pat Auchard, Finance Director
- Rebekah Boyd-Owens, Administrative Services Coordinator

### REGRETS & ABSENCES:

- Michele Giarusso, Leyden Representative, regrets
- Thomas Fydenkevez, Sunderland Representative, regrets

### 1. Adopt 12/17/14 minutes

Lynn Sibley opened the meeting at 5:35 p.m. Members recommended changes for draft 12/17/14 minutes and agreed to forego approving the minutes until amended by staff.

### 2. Review FY16 Budget — Draft II

#### Salary Adjustments

Linda updated members who missed the previous meeting on the salary survey results and discussions that ensued in December regarding alignment of staff salaries that have fallen behind, both internally and in comparison to other agencies, in the absence of merit pay raises. She explained that other agencies have been giving merit and COLA pay together (calling it “merit”) at about 3.0 to 3.5 %, but that we currently don’t have a system in which we can combine those two figures.

Lynn feels a raise for salaried staff out of alignment should be considered a “pay adjustment” rather than a COLA. John P. suggested having wider ranges in the pay grades, using a step system or “benchmark” to get to the market price if performing satisfactorily. If an employee is performing very well, they could earn greater than benchmark. When long-timer employees get to the maximum in their range, they could earn one-time bonuses, he said.

A benchmark makes sense, but many towns in Franklin County live on COLA, said Linda. She said the Personnel Committee (PC) needs to work on the grading system, which currently gives points to management, but not so much to technical and specialty skills. The grading policy started with a

municipal grading system and then added a budgetary factor, but has not otherwise evolved much. Salary comparisons are limited: We can compare roles/salaries to that of regional planning agencies, and to other roles within organization, but many of our positions do not exist in other organizations (such as building inspectors that serve 16 towns or accountants that serve 14 towns). Linda said she will bring the benchmark idea to the PC's next meeting.

Pat and Linda presented a budget that assumed it would take four years to get staff in alignment internally. The budget presented would give an increase in pay to those who have fallen behind (depending on where they land in salary schedule and how long they've been here) in the form of an 1.5% merit plus a 1.5 % COLA. For the purpose of the budget presented at this meeting, employees whose salaries are in line with their years on the job would not get a 1.5% merit increase, staff explained (noting that they could be performing well which this proposal would not recognize).

### **Other Budgetary Issues:**

Draft Budget Includes:

- Health Insurance increase of 1.5% (dropped from 3%)
- COLA at 1.5%,
- Position at front desk increased from 15 to 30 hours (endorsed by PC)
- Assumes normal costs assessment to the MSRS of 5.5% of payroll.
- Direct grant-charging increase from \$10,000 to \$20,000 in administrative funds, reflecting Linda's Broadband work.
- OPEB reduction from \$243,000 to \$175,000
- Several budgets now have program manager input
- Salary changes based on preliminary instruction of PC and Finance Committee to bring into alignment, over four years, those salaries that have fallen behind (department heads over five years including FY15) and based on an inflation factor that brings salaries to 2020 dollars.

Even with these changes, said Linda, town assessments are reduced by more than \$90,000.

With the budget on an overhead screen, Pat was able to show examples of the impact of OPEB on program budgets. Pat had also looked at the indirect rate, estimating how it could increase with \$150,000 for OPEB (up from FY15's budget by \$70,000). The results are merely projections but it showed a \$150,000 OPEB resulted in a substantial increase to the indirect rate. If we could redirect and apply \$50,000 of the town assessments directly towards an indirect offset, the results were a more manageable increase to programs and to the indirect rate. Committee members thought this plan was worth investigating with the next draft budget.

Linda asked for direction from the committee for creating the next phase of the budget. Members agreed upon a figure of \$150,000 for an OPEB contribution, with \$50,000 applied to the statutory — or finding another way to have \$50,000 assessments applied against the total OPEB contribution. While several members like the idea of exploring a benchmark compensation review, they agreed it was too late to start this year and recommended using a first year of a 4-year equity review. Due to the long period of time where there were no merit reviews, the committee was agreeable to the next draft

budget including an all 1.5% staff merit. With November's CPI at .9% for the Northeast, they agreed to a reducing COLA in the subsequent draft budget to 1%.

Programs Budget Changes (Program budget work is still in process):

- The FRCOG will assess Greenfield for a higher percent of the electrical and plumbing permitting costs in FY16, based on data collected of actual usage. The fixed annual base fee charged to other towns for participation in inspection programs will remain the same in FY16. All permit fees, except for Greenfield's, are taken in by the FRCOG as revenue to offset inspection budget expenses.
- The Regional Emergency Planning Committee (REPC) yesterday voted to recommend a change to assessments from \$100 to \$150 in coming year.
- The Town of Rowe has voted to leave the Town Accounting program. Staff is working on how Rowe's decision will impact that budget.
- The Cooperative Public Health Service (CPHS) budget represents the next phase in a tiered approach to towns absorbing more of the cost of the program. This change is needed due to the growing scarcity of grants. The transition plan involves FRCOG retaining permit fees as it is successfully doing with the building, wiring and plumbing inspection programs.

### **3. Business Not Reasonably Anticipated 48 Hours in Advance of Meeting**

The committee agreed to invite the PC to attend their next meeting on Wednesday, January 14 at 5:30 p.m. On Tuesday, January 20, they will hold a special meeting inviting the Council to come and review the budget before the full FRCOG Council meeting on January 29. Council members must express interest for the meeting to be held and RSVP so the staff can send them the budget by January 16<sup>th</sup>.

**John O' Rourke moved to adjourn the meeting at 7:21 p.m. Lynn seconded. Motion passed unanimously.**

#### **DOCUMENTS DISTRIBUTED:**

- Agenda
- Minutes of December 17, 2014 meeting
- Notes on Draft 2 FRCOG FY16 Budget (dated 1/2/15).
- FY16 Draft Budget 1.2.15