



# Franklin Regional Council of Governments

## Finance Committee — *MINUTES*

Date /Time:	Thursday, December 18, 2018 / 5:30 p.m.
Location:	JW Olver Transit Center – Library, Room 221
Facilitators:	Lynn Sibley, Chair

### ATTENDEES:

- **Lynn Sibley**, *Chair*, Whately
- **Kevin Fox**, Colrain
- **Jay Dipucchio**, Regional
- **Michele Giarusso**, Leyden
- **Kayce Warren**, Ashfield, Finance and Personnel Coms.
- **Bill Perlman**, Regional, Personnel Committee
- **Wendy Foxmyn**, Deerfield, Personnel Committee

### STAFF:

- **Linda Dunlavy**, Executive Director
- **Claire McGinnis**, Finance Director

### 1 Open Meeting and Recognize Personnel Committee Members

Lynn opened the meeting at 5:27 p.m., welcoming the Personnel Committee members and making introductions

### 2. Review and adopt 10.4.18 and 10.18.18 minutes

**Jay D. motioned to adopt the minutes of the 10.4.18 meeting. Kevin seconded the motion, which passed unanimously.**

**Kayce W. motioned to adopt the minutes of the 10.18.18 meeting. Kevin seconded the motion, which passed with one abstention.**

### 3. Discuss FY20 budget priorities, CMI salary impact and costs that may impact budget

Linda and Claire explained their budget thinking and priorities for the group.

- Competitive Market Increase (CMI) increase of 2% (based on November Northeast Consumer Price Index figure of 1.8%)
- Group Health Insurance increase of 4% (based on small inflation of last year's increase)
- Building in strategic and succession planning special project and social media overhaul special project, each at \$25,000
- Level funding OPEB at FY19 levels

With these assumptions and using a healthy but conservative estimate on anticipated grants, a very preliminary budget indicates all of this is doable and results in a 1.8% Regional Services Assessment increase.

Kevin and Lynn said that they have heard the Group Insurance Trust increase could be as high as 7% and expressed concern that solid numbers may not be available until mid to late January.

Bill Perlman, Chair of the Personnel Committee, advocated for a larger staff salary increase of 2.5% since the announced Social Security increase will be 2.7% and CPI looks backward at past inflation, not forward.

After discussion, members in attendance asked that a first draft 2020 budget use the following figures:

- 2.5% CMI
- 7% increase to health insurance
- Keeping Regional Services Assessment below 2.5% increase

Members also discussed whether the budget would be ready for the Council by 1/24 – the currently scheduled Council meeting date – if health insurance figures are not known until late January. Lynn and Kevin both agreed to call their Hampshire Insurance Trust contacts to see when figures will be available to help us determine whether to hold the Council meeting on 1/24 or switch to the reserved snow date of 1/31.

#### **4. Other Post-Employment Benefit (OPEB) reports from Odyssey Advisors, 5 Year Plan discussion**

Claire explained that the Odyssey Advisors completed an OPEB analysis. It is an off-cycle year but they came up with new projections and a liability increase of \$179,935. She confirmed with Odyssey that the liability will always increase and may never be reached. That's the bad news. The good news is that our OPEB trust balance is now the FRCOG's largest reserve fund and one of the healthiest in MA.

Claire questioned whether the FRCOG should have an OPEB goal since the target will always move upward and may never be reached. Linda D noted the importance of balancing the need to protect the FRCOG and member communities from future liability while also recognizing that not every FRCOG staff person will retire from the FRCOG so the liability is, to some extent, an artificial number.

Lynn suggested a goal of reaching 80% of the liability. Members concurred this was a reasonable goal.

Before determining a figure for 2020, Linda asked to revisit how we deal with the potential of an unfunded liability assessment from MSRS. After a flurry of activity early last year, the statewide committee looking into this problem has stopped meeting with no resolution. It may be that the issue is never resolved and there will never be an assessment. Linda asked the Committee whether the possibility of a future assessment should still be built into the budget. The Committee decided it should be included in the budget for another 1-3 years and especially in 2020 since it appears that budget projections are healthy enough to handle it.

With that, the Committee asked Claire to try and build \$161,075 into the 2020 budget, which is the FY19 contribution, and reduce the figure only if needed to get the Regional Services Assessment increase below 2.5%.

#### **5. Business not reasonably anticipated 48 hours in advance of the meeting**

**FCECS Update**

A Radio System Manager has been hired as a 15-hour/week FRCOG employee. Money has also been built into the FY19 FCECS budget for the Manager to provide emergency oversight as needed. The Manager's role is oversight of the system and determining when technicians are needed for repair and maintenance which is provided by a separate entity through a consultant contract. For FY20, Linda and Claire recommended building a budget with the same level of employee time for radio system management plus the cost of the technician contract. This will be a larger budget than the original FY19 FCECS budget. Linda and Claire noted that options for covering the increased cost are to reduce the capital reserve, increase the assessment to users, allocate FRCOG undesignated free cash, or some combination of those options. Committee members asked to review the budget before making that decision.

Given that no additional info will be available before 1/3, the Committee decided to cancel the scheduled 1/3 meeting. The next meeting will take place on January 10, 2019 at 6:00 p.m.

Jay motioned for adjournment, Kevin seconded. **The meeting adjourned at 6:45 p.m.**

**DOCUMENTS DISTRIBUTED:**

- Agenda
- Minutes of 10.4.18 and 10.18.18 meetings
- Other Post-Employment Benefits (OPEB) account memo