



Franklin Regional Council of Governments

Finance Committee/Personnel Committee — *MINUTES*

Date /Time:	Thursday, December 5, 2019 / 5:30 p.m.
Location:	JW Olver Transit Center – Library, Room 221
Facilitators:	Lynn Sibley, Chair

ATTENDEES Finance Committee:

- **Lynn Sibley**, Whately
- **Michele Giarusso**, Leyden
- **Jay DiPucchio**, Regionally-Elected
- **Kayce Warren**, Ashfield
- **Kevin Fox**, Colrain
- **Ellen McKay**, Shutesbury

ATTENDEES Personnel Committee:

- **Bill Perlman**, Regionally-Elected
- **Bryan Smith**, Erving
- **Kayce Warren**, Ashfield

STAFF:

- **Linda Dunlavy**, Executive Director
- **Bob Dean**, Dir Regional Services
- **Rebekah Boyd**, Admin Services Coordinator
- **Claire McGinnis**, Finance Director
- **Phoebe Walker**, Dir Community Services

1. Call to order Finance Committee (FC) ; Call to order Personnel Committee (PC)

Chair Lynn Sibley opened the Finance Committee meeting at 5:30 p.m. Bill Perlman opened the Personnel Committee at 5:53 p.m., when a third member arrived and a quorum was present.

2. Review and adopt 10.17.19 Finance Committee meeting minutes

Michele moved to adopt the minutes of the 10.17.19 meeting. Kayce Warren seconded the motion. With Jay, Kevin and Ellen abstaining, the motion to approve the minutes did not pass. (The committee was unaware of this during the meeting, however.)

3. Inputs from Personnel Committee related to Budget

Bill reported that with a significant number of employees retiring, the Personnel and Executive Committees are both thinking about the future of the FRCOG and assessing the current management and staffing structures to see if we have the best model or if restructuring the agency might be prudent. With the help of consultants and staff, the PC will examine the salaries of other like-agencies in the region with an eye towards competitive attraction and employee retention. Bill gave the example of the Pioneer Valley Planning Agency’s director salary of \$160,000, compared to that of FRCOG’s director, which is significantly lower. The PC is not intending to match neighboring rates exactly, but would like to narrow the gap. They recommend a 2.5% increase for all employees. Last year’s CMI (Competitive Market Increase) was 2.0 %, but the PC would like to kick it up in FY21.

Kevin F. asked if a 2.5 % raise kept pace or would merely help the agency to fall behind by less. Bill responded that the percentage does not keep pace, but does give everyone a slightly higher base. He mentioned that Social Security COLA was a 1.6 % increase for 2020. The PC recommends a 2.5 % CMI.

Linda allowed that one measure to undertake is a bi-annual salary survey of all RPAs. If we find we've fallen behind, we can think about raising salaries in 2021. She posed putting away a salary reserve in order to save money for such mid-year salary adjustments, for hiring and transition costs as FRCOG moves into the mass retirement wave. The cost to rehire key leadership and restructuring possibly will be high.

Claire reminded the committee that FRCOG paid the Collin's Center \$8,000 for professional support when replacing the Finance Director. Staff are seeking a starting place for possible salary and recruitment reserve figures, she said, offering 1% or 5% of total salary, or perhaps, 5% of the regional services line as possibilities. Staff hope to know the cost of the strategic organizational study before the budget is completed, to include both the salary reserve and an increment to the strategic planning FY20 project in the drafting of FY21 budget. Other possible FY21 costs and funding priorities to consider include:

- An estimated 4% increase in the cost of health insurance (actual figure out late January).
- Additional funding for the FRCOG website and social media overhaul (begun with FY20 funding).
- No upcoming grant match requirements, that staff are aware of (making that reserve a place where a reduction could happen for small savings).

Jay moved use of the Personnel Committee's 2.5% salary increase recommendation to calculate the draft budget for consideration at the next Finance Committee meeting. Kayce seconded the motion.

Discussion. Lynn agreed 2.5% is a good starting point for the committee to consider. Members discussed budget-building strategies and processes in individual towns; the almost doubled salaries of town administrators to our east, which makes Franklin County towns municipal "training facilities"; efforts needed to have people see work at the FRCOG, and as Franklin County officials, as careers, rather than simply stepping stones. **The motion passed with all in favor.**

Jay D. moved the use of \$35,000 for a salary/succession planning reserve to calculate the draft budget for consideration at the next meeting. Michele seconded the motion.

Discussion. Of the proposed \$35,000, Claire suggested:

- All or none could be used in FY21, based on results of salary survey with other RPAs.
- It could be held in salary reserve for the implementation of succession study results.
- It could be used for salary and recruitment stabilization to tap into in subsequent years.
- Presentation to the Council and the public record must clearly reflect the goal of the reserve and its limited uses.

The motion passed with all in favor.

4. Discussion of FY21 Budget priorities

Other Post-Employment Benefits (OPEB). Concerning the funding of OPEB, members discussed whether legislation will be passed requiring FRCOG to pay normal costs to MSRS; the current actuarial liability figure, which increased by \$264,000 this year; the finance committee's decision last year to aim to have 85% of OPEB liability funded in five years; insurance costs rising as a contributing factor to the ever-moving target of OPEB liability; retirement packages in the municipalities (typically 50/50, with no spousal payment).

Claire suggested that the Finance Committee could continue to aim for 85%. Alternatively, perhaps, 5% of payroll might be used as a contribution goal. She explained that retiree health insurance is funded at 75% of lowest cost plan. Kevin suggested that the committee could go about it two ways: fund the current liability or reduce the liability of the FRCOG by lowering the amount FRCOG contributes. Linda explained that our counsel's past interpretation of MA law is that historic votes of the County Commissioners related to health insurance cannot be changed, only clarified. (She will check with counsel to see if that is still true.) Thus, Linda does not believe that the 75% contribution could be easily changed. Past actions have been to clarify that the FRCOG will pay 75% of the lowest cost plan; if retirees wanted a higher level of coverage, they would have to pay for it themselves. Kevin suggested the staff look at retirement packages when researching the salaries of other RPAs.

Consensus of the committee was for Claire to build for the committee's consideration the draft budget continuing to use the 85% of OPEB liability funded ratio achieved in 5 years as a goal.

Assessments. Claire announced that the draft FRCOG budget will include double-digit increases to Accounting Program budgets and a 7.5 % increase to the emergency communication system (FCECS) — reflecting the real cost of the services. Municipalities see these numbers broken out on their assessment invoices. Claire asked the committee if they would like to direct staff to increase the general membership assessment. The Committee suggested that small annual increases are better than spikes and asked Claire to shoot for a 1-1.5% increase to the membership assessment.

Kayce moved adjournment of the Personnel Committee meeting. Bryan seconded. The motion passed with all in favor. The Personnel Committee portion of the meeting adjourned at 6:20 p.m.

5. FY20 Year-to-Date report, highlights

Claire reported that the agency is on track with the FY20 budget with only a few exceptions:

Purchasing The addition of the new employee to this program increased expenses, and needed amendments were made to that budget, but funding may still be inadequate. Revenues for that program are not fully in, making it difficult to assess the financial outcome of adopting the Hampshire Council of Governments (HCG) program at this point. The program has received some unexpected revenue, however: Hampshire County's vendors are sending FY20 bid fees to FRCOG, helping to bridge the financial gap until FRCOG begins using its FY21 bid fee system of assessments to Hampshire County towns.

Town Accounting An increase in expenses may require a budget amendment later in the fiscal year.

6. Business not reasonably anticipated 48 hours in advance of the meeting

Linda told the committee to stay tuned for FCECS news. The engineering study is delayed again. She will attend a meeting with the state later in the month and keep the committee informed.

In another matter, CPHS assessment history was discussed briefly.

Claire will have draft budget the first week in January. The next meeting is January 9.

Ellen moved adjournment. Kayce seconded. Motion passed with all in favor. Adjourned at 6:28 p.m.

DOCUMENTS DISTRIBUTED:

- Agenda
- Minutes of October 17, 2019 meeting
- FY20 Year-to-date Budget Reports, dated September 30, 2019

Minutes taken by Rebekah Boyd.