

MEETING MINUTES
FINANCIAL FORECAST COMMITTEE
Town Hall, 600 Chief Justice Cushing Highway
Select Board Hearing Room, 6:30 PM
Tuesday, November 9, 2021

In Attendance: Tony Vegnani, Chair and Select Board Member; Jim Boudreau, Town Administrator; Nancy Holt, Finance Director/Town Accountant; Joe DiVito, Director of Assessing; Pam Avitabile, Treasurer Collector; Bob Dutch, Director of School Finance & Business; Bill Burkhead, Superintendent of Schools; Peter Gates, School Committee and Chris Carchia, Capital Planning Committee Chair

Members Not Present: Jamie Gilmore, Advisory Committee Chair

The meeting was called to order at 6:33 pm by Mr. Vegnani.

SCHEDULED ITEMS:

Review/Approve Minutes

Mr. Carchia made a motion to accept the minutes of the October 5, 2021 meeting which was seconded by Mr. Divito. The motion was approved (9-0).

Review of FY22 YTD

Ms. Holt noted that expenses were tracking as expected after four months and comparable to the previous fiscal year. She also noted that revenue is doing well with \$157,731 more than the prior year at the same point but \$63,213 of that is penalties and interest on two large one-time tax deferral recoveries and \$78,939 was in permits which is still being driven by the Toll Bros development.

Review of FY 23 Revenues and Expense Assumptions

Ms. Holt stated that there were several material updates from the last meeting on October 5, 2021. The first was the certification of the FY22 new growth at \$1,603,298 which was \$203,298 more than the estimated amount in the adopted preliminary FY23 forecast. Mr. Gates asked if this was FY21 activity. Mr. Divito and Mr. Boudreau explained it was additional value added during the FY21 fiscal year not due to market changes that was then certified in FY22 and added to the tax levy. They further noted that new growth always lags one year behind. The consensus of the members was to incorporate the update into the forecast.

Mr. Vegnani asked about the change in the state assessments and Ms. Holt replied that it was a minor update to the actual FY22 state assessment amount found while doing the FY22 tax recap paperwork of less than \$100.

Ms. Holt explained that the Treasurer, Town Administrator and she had met with the representation from the MIIA Health Insurance Trust, the Town's health insurance provider, on October 8, 2021. As noted in the October 5th meeting, there was concern if the Town had a second negative year of claims. The FY21 claims were not positive. The FY20 loss ratio was 96.84% for active and retiree plans and the FY21 loss ratio was 98.42%. In both years, the active plans exceeded 100%. The representative informed the Town that the industry trends were 8-10%. Also, there was an option for the Town to enroll some Medicare eligible retirees to save 2% on the active plan renewal. With the additional costs, the net savings would likely be 1%. The option would be before the Select Board at the November 16th meeting and only affect 18 retirees. She also provided an updated group insurance estimate for FY23 based on the November 1 enrollment data that indicated an additional 14 enrollments of which only two were Medicare supplemental plans. Finally, she informed the members that the calendar year 2022 renewal for the Medicare supplemental plans was 0%.

The final issue brought before the Committee by Ms. Holt was the General Liability and Property Insurance meeting held in October. The representatives from MIIA noted that the renewal would like be 10-15% higher than the previous year. They also noted additional coverage would be needed to continue to provide notarial services to the public, for the new and improved facilities, the vacant senior center and drone equipment for the Fire Department. She stated the current forecast from 10/5/21 included a 5% increase over the FY22 annual town meeting voted amount as increased at the October 2021 special town meeting by an additional \$50,000. She supplied data that showed an additional \$43,830 would be needed to reflect a 10% increase or an additional \$87,308 to reflect a 15% increase.

Mr. Vegnani recommended that the members stay conservative and incorporate the 15% increase for the general liability and property insurance line. Mr. Boudreau commented that it was aggressive which is the preferable stance for the Financial Forecast Committee when examining these costs. Ms. Holt noted that the FY21 increase from MIIA was 9.4% and the FY22 increase was 17.2% and that the Town would be seeking additional bids. Mr. Carchia asked why it was difficult to get additional quotations. Mr. Boudreau explained that there was insufficient time to obtain a comprehensive 'apples to apples' bid in FY21 for the FY22 coverage year with all the different lines of coverage the Town currently has with multiple insurers.

Mr. Vegnani inquired of members their thoughts on increasing the health insurance estimate in the forecast for FY23 based on the trend information and the increased enrollment. Dr. Dutch supported an increase to the lower end of the trend range. Ms. Holt noted that the current 7% would meet that lower end of the 8-10% range when factoring in the 1% savings from the Medicare migration. She also noted that the supported changes to date provided less revenue for budgets than the 10/5/21 version.

Mr. Divito stated that he would guarantee that the FY23 new growth would at least be \$1,000,000 which was a \$50,000 increase over the current projection which would cover the additional amount for the health insurance and general liability and property insurance. Mr. Gates was in support of the revision to the FY23 new growth amount. Mr. Boudreau expressed concern with stretching revenue to meet expenses. He agreed that the \$1,000,000 was achievable but cautioned against the strategy. Mr. Boudreau stated that the MMA conference in

January 2022 would provide better information about the health insurance increase as well as the projected state aid amounts in the Governor's budget. Mr. Vegnani asked what the FY23 new growth figure should be from Mr. Divito. Mr. Carchia asked about what was known at the current time for new growth in FY23. Mr. Divito stated that it was too early for substantive data collection but two developments alone should generate about \$800,000.

Mr. Carchia made a motion to amend the Fy23 new growth amount from \$950,000 to \$1,000,000 meeting which was seconded by Mr. Gates. The motion was approved (7-2) with Mr. Boudreau and Ms. Holt as the dissenting votes.

Mr. Gates asked about the format of the financial forecast and if historical data could be included to provide better context. Mr. Vegnani agreed that historical data would be more useful. Ms. Holt responded that she would provide additional format options for the next meeting for the members' review and input.

Mr. Carchia asked about the HVAC hand-out. Mr. Boudreau noted that it was premature to discuss it as he needed to review the proposal with Mr. Burkhead & Dr. Dutch. The proposal was to address the need for an HVAC technician or dedicated on call vendor. Dr. Dutch noted that the School Department was incurring \$100,000 in costs for HVAC issues and a staff person that was an HVAC technician would be beneficial. Mr. Carchia noted that the assumed hourly rate was too low. Mr. Boudreau responded that he would be looking for someone that had retired and would like to work locally and at that rate.

Discuss/Vote FY23 Preliminary Forecast

Ms. Holt made a motion to adopt the FY23 preliminary forecast with the increase of the general liability and property insurance to \$999,983; the increase of the contributory group health insurance to \$7,064,319 and to update to the FY22 new growth to \$1,603,298 which was seconded by Dr. Dutch and voted unanimously (9-0).

Adjournment

Ms. Holt made a motion to adjourn the meeting at 7:25 PM which was seconded by Mr. Carchia and voted unanimously (9-0).

Respectfully Submitted,

Nancy Holt
Recorder