

Date: October 1, 2007

Subject: Sudbury Budget Review Task Force Minutes from September 24, 2007

From: T. Dufault

To: Bob Jacobson, Co Chairman
Marty Ragones, Co Chairman

List:

Members in Attendance (marked by √ / Absent A)	Guests in Attendance
√ Robert N. Jacobson, Co Chair (arrived Late)	John J. Ryan, Jr, member LSRHS
√ Martha M. Ragones, Co Chair	Susan N. Iuliano, Chairman SSC
√ Daniel C. Difelice, Citizen	Jeffrey Beeler, Member SSC
√ Tammie Dufault, Citizen	Bill Braun, Member SSC
√ Paul Fuhrman, Citizen	Maureen Valente, Town Manager
√ Paul C. Gannon, Citizen	Wayne Walker, Asst Town Manager and
√ Robert C. Haarde, Citizen	Personnel Director
√ William E. Kneeland, Jr., FinCom	Jamie Gossels, FinCom
√ Karen Massey, Citizen	James Jacobson, FinCom
√ Lawrence W. O'Brien, Selectmen (arrived Late)	
√ Paul E. Pakos, Citizen	
A Ralph F. Verni, Finance Com	
A Miner A. Crary, Citizen	
A Sabino (Sam) Merra, Citizen	

“Committee in these meeting minutes refers to Sudbury Budget Task Force Committee”

Minutes:

- 1) Meeting was called to session by M. Ragones 7:40 p.m. All committee members present, with exception of those indicated with “A”. Guests for this meeting noted above.
- 2) Distribution of documents to all attending:
 - a. Agenda,
 - b. Minutes of the September 10, 2007 meeting presented and reviewed by members. Changes were proposed. B. Kneeland proposed acceptance, P. Fuhrman seconded the motion. Motion unanimously approved.
 - c. Summary of Training Agenda through December 10
 - d. Misc. Information provided by Town Manager including trend analysis for Health & COLA increases.
- 3) M. Ragones presents change to the Training Agenda as proposed during September 10 meeting. There will be no meeting on October 8. The replacement meeting will be on October 29th.
- 4) M. Ragones further clarifies that these sessions are learning sessions and encourages all to

ask questions yet reaffirms the necessity that the meetings are chaired. This will ensure constructive discussions.

- 5) M. Ragones presents M. Valente and Wayne Walker, representing the Town Manager's office. The evening's topic will include collective bargaining and Pension.
- 6) Meeting is turned over to M. Valente for discussion. M. Valente presents the various town functions represented by a collective bargaining agreement.
 - a. Committee member inquires which organizations have gone to mediation or arbitration. M. Valente clarifies that she can only speak on behalf of town functions and they are currently in arbitration with the Fire Department employees.
 - b. Committee member request clarification of portion of insurance paid by the Town of Sudbury.
 - c. M. Valente discusses structure of health insurance benefit and self-funding aspect. Sudbury has been successful at managing costs with self-funding.
 - i. Wayne Walker comments, HMO Blue 90%; Blue Choice 75%; HPHC 80%. Town evolved away from indemnity plan due to rising costs of coverage.
 - ii. Committee Member inquires how often plans are reviewed to ensure Sudbury is maximizing its opportunity with cost management and benefits. M. Valente comments the Town Selectmen were to look at Health Plans as part of annual goals.
 1. Wayne Walker comments the town utilizes a consultant to monitor the plans annually; the consultant is not the broker.
 - iii. Committee member refers to information provided in Sudbury's 2007 Town Warrant where high level calculation noted Sudbury's cost per employee was \$12,000 - \$14,000 per year, a 16% increase.
 - d. M. Valente provides insight on necessary consensus in order for Town of Sudbury to change its benefits and alternative option, recently utilized by Lexington & Framingham with debatable success (Coalition Bargaining).
 - e. Committee Member inquired if other Massachusetts towns operated without unions.
 - i. M. Valente clarifies obligations of Town Representatives and limitations on benefits provided and employee selections on unionization.
 - ii. Following discussion, Committee member expressed there were towns operating without union representation.
 - f. Cost Savings Alternatives as it pertains to Cost Savings of Health Benefits
 - i. Town cannot provide cash incentives, including in reduced healthcare co pay, for "healthy lifestyles".
 - ii. Alternatives include various forms of wellness programs.
 - g. Retiree benefits were discussed and M. Valente and B. Braun discussed various retiree medical coverage cost-sharing approaches.
 - i. Committee member inquired to strategy reviewed on forward looking options to "prepare" town employees / unions that future dates, benefits would change. These may include tiered approach and/or lock & freeze.
 - h. M. Valente presented comparable communities used for analysis for Sudbury Fire Department total compensation comparison.
 - i. M. Ragones commented on union negotiation and that it is possible the salaries are not synchronized with budget. Fire department may be working in FY08 on FY06 contracts due to ongoing negotiations. M. Valente confirmed this is possible and highly likely that new contracts are not in place when old contracts expire. Back payments are required when contracts are finalized.

- i. M. Valente presented pension information including brief history on the Middlesex Retirement system and limited options to this system.
 - i. Current participants are Town of Sudbury (Municipality) and Sudbury Water District. Teachers belong to State Retirement system.
 - ii. Legislation requires full funding by 2027; each year Sudbury receives an “invoice” detailing how much is required for funding and specifies the “catch up” payment in order to ensure full funding.
 - iii. Town employees do not pay into or benefit from Social Security.
 - iv. PRIM was discussed. M. Valente referenced articles provided in original binder of information for Committee members.
 - v. M. Valente concludes presentation. Opens floor for additional questions.
 - j. B. Jacobson supports ideas to be held until training agenda is complete and the group can meet for further discussion.
 - k. J. Ryan briefly discusses plan for LSRHS and contracts. Copies of Contracts will be provided to all committee members.
- 7) Following additional general discussion on next meeting, L. O’Brien made motion for meeting adjournment, M. Ragones second motion. Motion accepted unanimously. Meeting was adjourned, 9:35 p.m.
- 8) Next Sudbury Review Task Force meeting, Monday, October 22, Flynn Bldg. 2nd floor, beginning at 7:30 p.m. EST.

**Budget Review Task Force
Monday – September 24, 2007
Flynn Building – Second Floor - 7:30 PM**

AGENDA

- | | | |
|---------|---------|---|
| 7:30 PM | Item 1: | Approve meeting minutes |
| 7:40 PM | Item 2: | Town of Sudbury
Labor, Collective Bargaining, Pension
Discussion
(Maureen Valente, Town Mgr,
Wayne Walker, Ass't Town Mgr,
Personnel Director) |
| 9:15 PM | Item 3: | Other Business |
| 9:30 PM | Item 4: | Adjourn |

BRTF Tentative Mtg Schedule

- 9/24/07 Town of Sudbury - Collective Bargaining, Benefits, Retirement and Pensions
Maureen Valente (Town Mgr), Wayne Walker (Ass't Town Mgr)**
- 10/8/07 No meeting – Town Counsel did not approve**
- 10/22/07 Town of Sudbury – Town Dep'ts, Budget, Capital Projects
Maureen Valente (Town Mgr), Andrea Terkelson (Dr of Finance)**
- Oct 29 '07 to Replace Planned 10/8/07 Mtg.*
- 11/5/07 Town of Sudbury – Debt/Revenue, Prop 2 1/2 Override, Structural Deficit
Maureen Valente (Town Mgr), Bob Jacobson, Marty Ragones**
- 11/26/07 SPS
John Brackett (Superintendent), Mary Will (Dr of Finance), Bill Braun (SPS Committee Member)**
- 12/10/07 L-S
John Ritchie (Superintendent/Principal), Judy Belliveau (Dr of Finance), Jack Ryan (L-S Committee Member)**

Remaining topics to be covered before January: CPA, Affordable Hsg, Commercial Development, Sudbury Water District, Sr Property Relief, Wayland-Sudbury Septage

10/1, 10/29, or 12/3 are possible mtg dates that could be added

**CHAPTER 32B OF THE MASSACHUSETTS GENERAL LAWS - CONTRIBUTORY GROUP
GENERAL OR BLANKET INSURANCE, Applicable Sections**

SECTION	SUBJECT	DATE ACCEPTED	METHOD OF ACCEPTANCE
Entire Chapter (as described in Section 10)*	Contributory group health, dental and life insurance program for municipal employees	March, 1962	Annual Town Election
7A	Payment by Town of subsidiary rate for active employees (i.e. higher than 50%)	March, 1970	Annual Town Election
9A	Payment by Town of 50% for retired employees	March, 1970	Annual Town Election
11A	Covered employees eligible for additional AD&D	March, 1970	Annual Town Election
17	Right of involuntarily terminated employee to continued coverage	March, 1982	Annual Town Election
18	Mandatory transfer of Medicare-eligible retirees to Medicare as primary payor	April, 2007	Annual Town Meeting

*Acceptance of the Chapter does not signify acceptance of any section(s) of Chapter 32B specifically identified therein as requiring further local legislative action to become effective.

ANNUAL PRECENTAGE INCREASES IN HEALTH INSURANCE PREMIUMS

PLAN YR.	BLUE CHOICE		HMO BLUE		HPHC HMO		DENTAL		MEDEX**		HPHC 1ST SR.**	
	FAMILY	IND.	FAMILY	IND.	FAMILY	IND.	FAMILY	IND.	INDIVIDUAL	INDIVIDUAL	INDIVIDUAL	INDIVIDUAL
2007	4%	5%	12.5%*	12.5%*	17%*	17%*	7%	7%	-1%	-19.3%		
2006	11.5%	11.5%	15%*	15%*	15%*	15%*	0%	0%	-23.6%	-26.7%		
2005	3.4%	7.8%	11.6%	17.5%	14.1%	18.8%	11.1%	11.1%	11.3%	0%		
2004	-12.5%	-17%	9.2%	5%	15.2%	11.6%	3.7%	3.7%	5.4%	10.5%		
2003	9%	9%	7.5%	7.5%	15%	15%	7%	7%	10.5%	36%		
2002	54%	54%	28%	28%	19%	19%	10%	10%	16%	20%		
2001	6%	6%	2%	2%	21%	21%	0%	0%	19%	54%		
2000	36%	36%	8%	9%	24%	25%	0%	0%	10%	12%		

* Higher increase due to catastrophic claims reduced by subsidy from Health Insurance Trust.

** On January 1, 2006 the Medicare Modernization Act (Medicare Part D) became effective, which contained federal subsidies for prescription drug coverage for Medicare eligible enrollees; the subsidy effectively reduced the total health insurance premium rate.

CONTRACTUAL C.O.L.A. SALARY INCREASES - Town employees

EMPLOYEE GROUP	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10
POLICE*	2.0%/2.0%	3.50%	3.50%	1.50%	2.25%	2.25%	In arbitration	In arbitration	In arbitration	
FIRE*	2.0%/2.0%	3.50%	3.50%	1.50%	2.25%	2.25%	In mediation	In mediation	In mediation	
D.P.W.*	3.00%	2.0%/2.0%	3.50%	3.50%	1.50%	2.25%	2.25%	In negotiations	In negotiations	In negotiations
ENGINEERS*	3.00%	2.0%/2.0%	3.50%	3.50%	1.50%	2.25%	2.25%	In negotiations	In negotiations	In negotiations
SUPERVISORY	3.00%	3.92%	3.92%	1.50%	2.25%	2.25%	2.00%	3.00%	2.50%	
TOWN NON-UNION	3.00%	3.92%	3.92%	1.50%	2.25%	2.25%	2.00%	3.00%	Not set yet	

* means split adjustment - 2% on July 1, with another 2 % on January 1
Contracts negotiated for 3 years time periods traditionally