



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)
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CFAC Committee:

Chair:

John Schoenherr

Members:

Robert Ciolek
Cynthia Crossman
Ralph Krau
Gregory Plunkett
Lillian Woo
Joseph Mladinich

Staff Liaison:

Mark Milne

Councilor Liaison:

John T. Norman

MEETING MINUTES

10.24.16

7:00 PM

Growth Management Conference Room

CFAC Members Present: Joseph Mladinich, Cynthia Crossman, John Schoenherr, and Gregory Plunkett, Robert Ciolek, and Ralph Krau

CFAC Members Absent: Lillian Woo

Councilors Present:

Staff Present: Mark Milne, Director of Finance, and Nathan Empey, Finance/Budget Analyst

1. Call to Order

John Schoenherr called the CFAC meeting to order at 7:00 PM in the Growth Management Conference Room of Town Hall.

2. Act on Minutes

The following minutes were approved by unanimous vote:

10.11.2016

3. New Business

Mark Milne reviewed the town's snow & ice removal cost over a 20 year history with the committee. This analysis included comparisons between historical budgeted and actual expenditures. Within the analysis an after the fact funding was used by increasing historical snow removal budgets from the original \$122,750 to \$600,000. This resulted in a cumulative surplus of \$1,005,283 over 12 years from 1996-2008, 2005 was excluded from the analysis as an outlier. The average expenditure in this analysis amounted to \$516,000. Actual costs exceeded budgets from 2009 to 2016, except for 2012. Between the periods 2013 to 2016 snow removal cost exceeded \$2 million twice. The town would have had to fund \$1.6 million annually to break even on a cumulative basis from 2009 to 2016. In 2009, it was noted there was a significant change in snow removal cost, which could be observed in future years. In 2016, snow removal cost amounted to \$2.1 million because of several cost drivers. These cost drivers included increasing the number of equipment used, size of equipment, and hourly rate. Due to the competition for snow removal contractors with local towns and state level, the town matched the state contractor rates to be competitive. This lack of competition could also ensue into a bidding war for contractors. Because of community perception, public works has taken a zero tolerance stance with snow removal, which has had a major influence on these cost drivers. In addition, the town uses free cash to cover snow removal deficits, which if we continue to have \$1 million annual deficits would deplete town reserves. It was noted that capital cost for purchases, such as snow removal equipment is not included in the \$2.1 million actual expenditures in 2016. These are strictly capital outlay cost. However, Mark noted a need to understand these cost drivers. For example, the number of hours needed for both primary and secondary roads, cost associated with traffic congestion between day and night shifts, and rate of snowfall. Therefore, what would be the cost to follow policy, including equipment and supplies? The town needs to create some cost scenarios. Do we need to increase the snow removal budget and if so by how much? If we increased the budget by \$1 million, it leaves a smaller pool of resources for everyone else. It was suggested to use public works turn backs to help mitigate snow removal costs, however, if public works doesn't have a turn back in a fiscal year, then a supplemental appropriation would be needed. Some of the committee members mentioned that a built in turn back isn't a good idea. Committee members noted it would be good to let town council look at town snow removal cost. Finally, public works will implement a gps system to help track routes plowed in the current fiscal year. Each contractor is assigned a route, which the gps system will indicate routes plowed and to be plowed. This system will help with snow removal cost analysis in the future.

Mark reviewed the Cape Cod Municipal Health Group (CCMHG) handout, which summarized health insurance plans. CCMHG was formed in 1987 and is the largest municipal Joint Purchase Group in Massachusetts. There is currently 53 participating governmental units, 11,000 health plan contracts, 21,000 members, which represents 8% or more of Cape Cod Employees. The purpose of this joint purchasing pool is to share risk and keep cost down. The group voted last week to implement a plan design change that includes a health savings account as well as bring current plans in line with GIC benchmarks plans. These changes will require negotiations with labor unions. Potential savings from the plan changes amounts to 1.7 to 1.9% in premium savings. The Health Savings Account (HSA) will provide lower premiums, but for a higher deductible. This type of option will cater to those who do not use health insurance a lot. Every town will decide on their own plans. There are currently over 800 health insurance plans for Barnstable, which includes the school department. The town contributes the state minimum 50% while other towns on cape contribute 60% or more to employee health insurance plans. Health insurance premium increases will be voted on by the CCMHG in February 2017 to be effective July 1st. Premium costs are estimated to increase by double digits (percentage) next year. Prescription costs are the number one cost driver, which can

represent 50% to 70% of the cost. The town's current health insurance budget is \$8 million for town wide retired and active employees. This cost could potentially increase by \$800k next fiscal year.

4. Other matters not reasonably anticipated by the chair

Bob C and Gregory P attend the Water Resource Advisory Committee (WRAC) meeting last week, and noted WRAC wants to do something about cost, but may not know with any precision what those cost will be, trial and error. For example, suggestions include aquaculture initiatives by expanding land areas for commercial shellfish grants, however, there are not enough results indicating if this will be successful in the future.

5. Discussion of topics for the next meeting

The next meeting is November 14, 2016. A potential topic for next meeting to review the tax factor hearing in November.

6. Adjournment

List of documents handed out

1. 10.11.16 Draft Minutes
2. Snow & Ice Historical Review
3. Cape Cod Municipal Health Group