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**WEDNESDAY, January 25, 2023, 7:00 PM**  
**THE GREAT HALL, THIRD FLOOR STOUGHTON TOWN HALL**  
**10 PEARL STREET, STOUGHTON, MA 02072**  
**Agenda items may be taken out of order at Chairman's Discretion**

1. Mr. Vaughan Enokian, Chairman called the meeting to order at 7:15 PM .

2. Mr. Enokian asked all to stand for the Pledge of Allegiance.

Mr. Anzivino made the motion to open the meeting, seconded by Mr. Desmond. The motion passed.

Present: Vaughan Enokian, Chair, John Anzivino, Vice Chair, Chet Collins, Robert Desmond, Elliot Hansen, Adam Iacabucci, David Lurie, Dr. Jess Miner, Mark Struck, John Walsh  
Absent: Eric Anderson, Dianne Dolan, Laura Gunn, Joel Wolk, Kerry Marrocco

Mr. Enokian informed the public that the meeting would be taped and available on Stoughton Media Access Cable.

**1. Health Trust Fund Presentation- by Town Manager Thomas Calter**

Mr. Enokian welcomed Mr. Tom Calter. Mr. Calter began by thanking the finance committee for its work. He said as a former finance committee member, he fully understands the challenges. Mr. Calter said when he took the job as town manager, he came in with his eyes open. He said the town faces challenges that can be repaired. Mr. Calter explained several years ago, the health Trust fund had \$8,000,000 but as claims and rates increased, and the difficulties presented by Covid, the trust fund is facing insolvency by July 1, 2023. Mr. Calter stated that as rates increased, the premiums did not.

Mr. Calter said a solution is possible, the same with the deficits in water/sewer. Mr. Calter stated by the year 2025, the town should be on more solid footing. He introduced Mr. Chris Nunnally, vice president from Gallagher Financial to assist with the presentation.

Mr. Nunnally said as the town of Stoughton self-funds its health care plan, it is solely responsible for paying its health care premiums. He pointed out that FY19 the fund was at 8,000,000; FY20 7.3 million; FY21 6.2 million; FY23, the fund is at 2.9 million and will be insolvent. He explained that in FY20 the town moved from three carriers Harvard-Pilgrim, Blue Cross, Tufts Medical to one carrier, Harvard Pilgrim. He said the Stop/Loss policy has supported the program, but the town has underfunded its healthcare program, not keeping up with rate increases and now faces a 30% increase to premiums. Mr. Nunnally stated that there is also an issue with the number of claims. In FY22, claims increased from \$13,018,690 to \$18,000,000.

An unidentified speaker asked for an explanation of the huge increase. Mr. Nunally responded there were three reasons: 1) stop/loss premium increased to \$500,000, 2) average claim cost increase, 3) utilization cost increase.

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Mr. Nunnally stated that for a period of 4-5 years claims were suppressed, a result of fewer doctor visits during Covid. He said but now claims were increasing.

Mr. Lurie, finance committee member asked how many municipalities are self-funded.

Mr. Nunnally responded the vast majority of communities are self-funded. He said there has been very little movement into GIC. He said the difficulty would be greater if the town was not self-funded.

Mr. Calter remarked that a part of the problem is that Stoughton offers a Cadillac health care plan, which is an incentive for folk to hire in the town.

Mr. Enokian asked for clarification of Cadillac plan.

Mr. Nunnally responded there are no deductibles, no co-pays.

Dr. Miner stated that town should not fall below \$3,000,000 in the health fund.

Mr. Nunnally responded that if the town had followed recommendations from Gallagher by increasing the payment rates, possibly it would not now face a 30% increase. He said all towns have a problem, but Stoughton has the biggest.

Mr. Armand Barbosa, resident, clarified the reasons for the deficit: underfunding, increase in fixed costs and increase in utilization rates. He asked how can we be sure not to overshoot the estimates.

Mr. Nunnally said the recommendation is 30%, but the results of the increase will not be known for a year.

Mr. Calter said we should not forget the fourth reason, Stoughton gives incentive to employees because of the health program it offers.

Mr. Desmond, finance committee member asked Mr. Nunnally his experience.

Mr. Nunnally responded that he has been in the business for 15 to 20 years, services 200 clients.

Mr. Desmond asked if there had been savings when the town went from 3 carriers to 1 carrier.

Mr. Nunnally responded that the town had decided on Tufts rate, the origin of underfunding.

Mr. Enokian added that payments at the Tuft's rate were too low for the town's needs. He asked if there were savings from tele medicine.

Mr. Nunnally answered that approximately \$200 was saved per tele visit.

Mr. Desmond said the public needs to be informed.

Mr. Nunnally said the company has done a road tour of the schools.

Mr. Calter added that the town needs to deter over usage of the plan. He added that a Health Fair is planned for May 5 to inform the public of the issue and how to manage the increase to individual plans.

Mr. Lurie asked, as a self-insured town, who oversees claims.

Mr. Nunnally responded a third-party company owned by Harvard Pilgrim.

Mr. Hansen, finance committee member, asked for a definition of tiers.

Mr. Nunnally said it relates to the choice of hospital.

Mr. Adam Iacabucci asked how did the town decide to offer Tufts rates rather than the Harvard Pilgrim rates recommended by Gallagher.

Mr. Rowe, town accountant, said the decision was based on available funds.

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Mr. Calter explained the following possible solutions:

1) opt into GIC

2) change the health care design plan

Take advantage of Chapter 32B, meet with AIC to position the town to enter GIC

3) develop an employee opt-out option (to decrease number of employees enrolled as a result of double membership shared by family members)

Mr. Anzivino asked if an employee opts out, can he re-enter.

Mr. Nunnally said no one can be prevented at open-enrollment times.

Mr. Calter said he will meet with the finance committee prior to the town meeting with a clear plan. He said in addition to the health fair, May 5, there will be meetings with the union heads to discuss the changes in the healthcare offerings. He mentioned the organization of an advisory board comprised of union presidents, HR, town manager and town counsel.

Mr. Gitto, Select Board, said he believes that this is a new day referencing collaboration between the select board, finance committee and the town manager. Mr. Gitto spoke to the need for a capital plan, to address major projects, fire station, new school, maintenance of roads.

Mr. Struck expressed concern about notification of public meetings that there should be a concerted effort to keep the public informed.

Mr. Calter agreed stating that prior to his arrival, he had watched the select board and the finance committee meetings and had determined that the public is not aware of deferred maintenance, a lack of infrastructure.

##### **5. Discussion- Review of FY24 Budget and Projected Revenues**

Mr. Rowe, town accountant, gave an overview.

1) new growth estimate based on the 5-year average at first estimated at \$800,000. The actual new growth is \$499,000.

2) relative to the high school debt exclusion, it is not expected that all proceeds will be spent. He said the balance will go toward reduction of the debt exclusion interest charges.

Mr. Lurie asked if the balance could be spent toward another debt exclusion project.

Mr. Rowe said yes funds could go toward spending for the South School.

Mr. Rowe explained that Free Cash is certified at \$5,166,849, reminding all that the Finance Committee has a policy that only \$2.3 million can be used.

Mr. Anzivino clarified that the policy means that only \$2.3 million can be spent to reduce previous expenditures.

3) Mr. Rowe continued with local receipts estimated at \$11,414,543 based on actual receipts of FY22.

Title V funds go to debt service payments.

Snow Removal overdraft

Available monies will be encumbered for purchase orders.

Dr. Miner inquired about stabilization funds.

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Mr. Rowe responded that the general stabilization fund was \$6,452,948

Capital funds at \$1,908,591.78

Fire Station at \$64,126.23

Mr. Anzivino asked if stabilization funds were being used to offset budget deficits.

Mr. Rowe responded yes.

Mr. Anzivino requested clarification of the funds deposited into health care.

Revenues from motor vehicle fees, meal tax

Mr. Lurie asked if Chapter 70 funds could be used for debt service.

Mr. Rowe responded that the State mandates school costs, FY23 per pupil cost is \$50,000,000.

Mr. Lurie said he believed that 1/3 of the funds from Chapter 70 could be spent on school building maintenance.

#### **6. End of Year MUNIS reports FY19-FY22**

Mr. Enokian began by interjecting questions submitted by Mr. Joel Wolk, finance committee member. Mr. Wolk asked how the town performed against budgets for the last 4 years.

Mr. Rowe responded that a 4-year budget review is underway, but it is complicated by tracking of transfers between funds, expenditures within town, general fund subsidies to the enterprise funds.

Mr. Lurie noted that the school department expenditures are always close to the amount budgeted.

Dr. Miner asked if less could be budgeted if at the end of the year, the town consistently has a balance of approximately \$2,000,000.

Mr. Lurie said that reductions in the budget should wait until August when revenues are more definitive.

Mr. Anzivino thanked Mr. Rowe for the monthly reports.

Mr. Rowe stated that the warrant articles will be footnoted and will have backup documentation.

Mr. Anzivino said the warrant book should be finalized by May 2.

Ms. Cynthia Walsh, deputy moderator, reminded the committee of the requirement to send the Warrant to the Rules Committee by February 9. Ms. Walsh also requested copies of the warrant for members of the audience.

There followed a discussion relative to the publication of public notices. Notices will be placed in the Suburban Shopper and the Patriot Ledger.

Mr. Enokian asked members if sub-committees would be a good idea. The consensus was not now as the timing was too tight. Dr. Miner commented that sub-committees would be good for the off-season.

Mr. Enokian inquired as to the status of monies from MWRA and could the monies go toward infrastructure.

Mr. Rowe responded there is \$3,370,404.86 in the MWRA funds.

Mr. Rowe cautioned that money from TIFS will go away FY25.

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Mr. Anzivino made the motion to adjourn, seconded by Dr. Jess Miner. The motion passed. The meeting of the Finance Committee January 25, 2023 was adjourned at 10:00 PM.



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