

EXECUTIVE SESSION
Needham Finance Committee
Minutes of Meeting of April 14, 2010

The Executive Session of the Finance Committee was called to order by the Chair, Lisa Zappala, after a unanimous vote by the Committee during an open meeting to go into Executive Session at approximately 9:45 pm in the PSAB Building (temporary Town Hall.)

Present from the	Lisa Zappala, Chair	
Finance Committee:	Rick Zimbone, Vice Chair	
	Matthew Borrelli	Richard Creem
	Richard Lunetta	Richard Reilly
	Steve Rosenstock	Michael Taggart

Also Present: Kate Fitzpatrick, Town Manager
Dan Gutekanst, Superintendent of School
Marianne Cooley, School Committee member
Joe Barnes, Chair, School Committee chair.

Purchase of Real Property [this section released April 2011]

Ms. Fitzpatrick reported that, in a meeting earlier tonight, the CPC had voted to move forward with the property purchase discussed at last week's Finance Committee meeting. They had approved \$800,000 for the project: to purchase the property, remove the existing house, and grade, fill, and seed the land. She stated that she is expecting the appraisal by Friday, April 16. She said she would make an offer lower than the appraised value, expecting the offer to be less than \$679,000. She stated that the town is legally prohibited from paying more than the appraisal, and expects to pay between \$600,000 and \$679,000. She also added that while she had discussed how the park includes a baseball diamond, she did not mention that the fields there are also used for 6-on-6 and 8-on-8 soccer. Mr. Rosenfeld stated that he drove around the area, and the acquiring the property would be a benefit to the abutting park and the town.

Collective Bargaining

Ms. Fitzpatrick stated that there is a possible agreement to move all the teachers at once onto a high-deductible, high co-pay, rate-saver health plan with half of the savings in premium being used to fund salary increases. In response to a question from Ms. Zappala, Ms. Fitzpatrick stated that the savings for the teachers would be approximately \$500,000 so that \$250,000 would be allocated to salary increases. There would also be a short-term benefit which would involve a pool of approximately \$125,000 to cover people who have a health problem and are required because of the change to pay a great deal in deductibles. Management is hoping to make the move to the new rate-saver plans for all School Department employees. She stated that the teachers are seen as a leadership group. Having the teachers move to the rate saver plan would make it more likely to get the rest of the School Department employees to follow. She said that they

must do it this year. They need to get everyone enrolled by June, and need to transfer funds from School Department salaries to health care expenses. Ms. Cooley stated that it has taken a huge effort to get this far toward reaching an agreement. Ms. Fitzpatrick added that the salary increase would be modest, approximately 1%. Ms. Cooley added that 1% is \$316,000 so that they would need more than \$250,000. Ms. Fitzpatrick stated that there is saving in the premium costs.

Ms. Fitzpatrick stated that Anne Gulati had set up a matrix for employees so that they could see the new prices and costs. Ms. Fitzpatrick stated that other towns have been successful doing what is proposed here, making health care reimbursement arrangements to ease the transition to the lower premiums with higher deductibles and co-pays. In response to a question from Mr. Reilly, Ms. Fitzpatrick stated that the \$250,000 funding of the reimbursement fund would be a one-time transfer, and that there would be a corresponding reduction in expenses in FY 2011.

In response to a question from Mr. Borrelli, Ms. Fitzpatrick stated that the current family health insurance premium in town is \$115 per week. Under the rate saver plan, this would decrease 15%. The co-pays are currently \$5, but would increase to \$20 for a primary care visit, \$40 for a specialist and \$75 for the emergency room. Most prescriptions were \$10, which will be higher. Also, cheaper mail-in options would be available.

Dr. Gutekanst stated that Wellesley recently set up a reimbursement fund with a rate-saver plan. Ms. Fitzpatrick stated that they have a health insurance trust that has high reimbursement amounts, \$1000 per family and \$400 per individual. They said that only 30% of people made claims, which was attributed mainly to inertia. Mr. Lunetta asked who would decide how much was reimbursed, and for what expenses. Ms. Fitzpatrick stated that Wellesley had a third party administrator, the same one used by Needham for flexible health care spending accounts.

Ms. Zappala asked how the unions were responding to this idea. Dr. Gutekanst stated that Ms. Cooley and Michael Greis are meeting at the table with the union, and are working with Tom Campbell and Anne Gulati to reach an agreement. Mr. Cooley stated that the agreement would be for three years, and that the unions understand that there is no money for raises, so the town has asked for proposals from them. There have been discussions of how to deal with health care costs, or salary increases in lieu of step increases.

Mr. Reilly asked whether there is a way that this proposal could turn out to be bad. Ms. Fitzpatrick stated she did not think so, and that there are definitely cost savings. The only other option is a zero salary increase. Ms. Cooley stated that a high school teacher had created a model to show the other teachers how the proposed plan would affect them. Many tried it, and only one came out in a worse position. She noted that there is one demographic that comes out worse, and that is the reason for setting up the reimbursement fund.

Ms. Fitzpatrick stated that the town will save \$500,000 in health care premiums, of which \$250,000 would fund salary increases, and \$125,000 would fund the health care reimbursement account. Mr. Rosenstock asked about the effect on retirees. Ms. Fitzpatrick stated that if they are on a rate saver plan when they retire, they stay on it, but that not everyone in town is on the rate saver plans yet. Ms. Fitzpatrick stated that legally they could put retirees on the rate saver plan, but that it is not as much of an issue since many are on Medicare.

Mr. Lunetta asked whether the town would pay people who used their spouse's health insurance plans in order to save money. Ms. Fitzpatrick stated that in that situation, towns usually lose money because they are forced to pay people who would have been using a spouse's plan anyway.

Mr. Creem asked how to make this change procedurally. He stated that it could be added to the Omnibus article, but that is usually used for technical corrections. An issue has been raised in the past that putting substantial issues in the Omnibus article does not give sufficient notice of an issue. Ms. Fitzpatrick stated that she would like to get this done as soon as possible. Dr. Gutekanst stated that the biggest issue is education—getting people to understand to facts of the situation.

MOVED: By Mr. Creem moved that the Finance Committee exit the executive session and adjourn at approximately 10:05 p.m., there being no further business. Mr. Lunetta seconded the motion. The motion was approved by a unanimous vote of the Finance Committee of 8-0.

Respectfully submitted,

Louise Mizgerd
Executive Secretary