

FIRE DISTRICT #1 PRUDENTIAL COMMITTEE REGULAR MEETING

Thursday, September 12, 2019 – 6:30 PM

Meeting Minutes

Prudential Committee Meeting Room

144 Newton Street

South Hadley, MA 01075

In Attendance: PC Chair Bruce Perron, PC Clerk Kevin Taugher, PC member John Wojciechowski, Interim Clerk Treasurer Ira Brezinsky, Chief Robert Authier, Captain Kurt Schenker, Assistant Treasurer Kari Scytkowski, Edward Wall, Board of Water Commissioners Chair William Schenker, Officer Tyler St. Andre

CALL TO ORDER

Perron called the meeting to order at 6:30 PM

APPROVAL OF MINUTES

Motion: Taugher moved and Perron seconded to approve the minutes of May 9 and May 21. Motion carried 2-1 (Aye: Taugher and Perron), Wojciechowski abstained.

Motion: Taugher moved and Wojciechowski seconded to approve the minutes of July 25. Motion carried 3-0.

CLERK/TREASURER'S REPORT

Change in Injured On Duty (IOD) Insurance: Recommendation was made by the C/T to change the IOD insurance as follows:

- Increase the Medical Expense benefit from \$100,000 to \$500,000.
- Increase the Medical Expense deductible from no deductible to \$10,000 in aggregate per year.
- Increase the waiting period for Weekly Income replacement from no waiting period to 60 days per employee.
- Maintain all other benefits per the current policy.
- Annualized premium will decrease from \$43,077 to \$32,580
- Prorated premium will decrease from \$34,115 to \$23,913 with return of premium of \$10,202.
- A prorated administrative fee of \$1,900 will be paid to the Gowrie Group.
- An initial escrow payment of \$5,000 will be used to initial fund any potential deductible to be paid.

Motion: Taugher moved and Wojciechowski seconded to accept the recommendation of the Clerk/Treasurer. Motion carried 3-0.

Data Recovery: The District has been working for the past year to recover data that was lost following a data breach of the District accounting system. This project is going well, thanks largely to the work of Assistance Treasurer Kari Scytkowski. FY16, FY18 and FY20 are complete. A portion of FY17 remains to be done and should be completed before the end of this calendar year. Eric Kinsharf, CPA has been involved and will be consulted again once FY17 is complete. His work will probably be completed remotely. Questions were asked as to steps that have been taken to best ensure that a similar breach

FIRE DISTRICT #1 PRUDENTIAL COMMITTEE REGULAR MEETING

does not happen again. Backup and password systems have been strengthened with the assistance of the District's IT consultant.

FY2018 and FY2019 Audit & Reinstatement of District Bond Rating: The FY18 audit has been completed Scanlon & Associates. We are waiting for the management letter that will include recommendations. The audit shows that financial records and systems are in order. The FY19 audit will be completed later this Fall, once the Hampshire County Retirement System audit has been completed.

The C/T will be reaching out to the District's Bond Advisor, David Eisenthal, from Unibank to proceed with steps to have the District bond rating reinstated by Moody's.

The C/T's complete report is attached.

CHIEF'S REPORT

Inspections: Chief Authier reported 58 fire calls and 192 EMS calls in August. In addition, he reported 17 business inspections and 19 smoke/CO inspections. There were no Certificates of Occupancy issued and there have been 151 lockboxes installed year to date.

Community Interactions:

- Lt. Houle met with school administrators prior to the start of the school year as required.
- The District, along with Town and State police, conducted training for staff at PVPA.
- The District, along with Town and State police, attended lockdown and shelter in place training for school staff.
- Personnel from Districts 1 & 2, SHPD, and the Hampshire County Sheriff's Department participated in Movie Night at Plains School.
- The District Dive Team participated in a 2-day detail in conjunction with the Western Massachusetts Tech Rescue Team. Reimbursement will be provided by the State.
- The District conducted an Active Threat tabletop drill at SHPD headquarters. Fire officials from SHD2, Chicopee, Hadley and Granby attended, as well as police officials from Chicopee, Holyoke, and Hadley. Also present were staff from Holyoke Medical Center, Baystate Medical, and Region 1 Director Wook Beltran.
- SHFD1 and SHPD provided mutual aid to the Connecticut River music festival located in Hatfield. Hadley Police and Fire, Environmental Police, Easthampton Police, Chicopee Police, Northampton Fire and the Coast Guard also participated.

Taughner asked how school inspections went this year. All was in good order.

Perron mentioned a couple of successful rescue incidents on the river and the Chief provided further detail.

The Chief reported that the District has been awarded a \$22,363 Assistance to Firefighters grant from FEMA. The grant will go to purchase an exhaust system upgrade. Many thanks to officer Mike Harrowfield for writing the grant.

ADJUSTMENT OF AMBULANCE RECEIPTS

Motion: Taugher moved and Wojciechowski seconded to approve adjustment of ambulance receipts in the amount of \$90,406.03 for the month of July. Motion carried 3-0.

Motion: Taugher moved and Wojciechowski seconded to approve adjustment of ambulance receipts in the amount of \$251,348.83 for the month of August. Motion carried 3-0.

As has been mentioned in the past, the bulk of these adjustments is due to the low rate of reimbursement from Medicare and Medicaid. Additionally, recent action has been taken to end the District's contract with Tufts. This will allow the District to bill and receive a higher level of reimbursement.

CHIEF'S EVALUATION AND COMPENSATION

Wojciechowski stated that he has had enough time to render an opinion on the Chief's performance. He has met with the Chief to discuss job performance and evaluation.

Taugher reiterated questions that have been previously asked. Specifically, what accomplishments has the Chief made as the Ambulance Director? The Chief responded that the District continues to run 3 ambulances and provide very good service.

Additional questions on the evaluation form revolve around accomplishments of the Chief regarding other aspects of the Fire Department and its operations? The Chief responded to certain "below expectations" ratings on Taugher's evaluation form. He believes he has done a good job and that Taugher does not have adequate first hand experience on all aspects of his job.

Wojciechowski stated that, at this point, he is satisfied that the Chief is performing his job responsibilities. He believes that because he or other members of the PC are not involved in the day to day running of the department, there must be a level of trust.

Taugher continues to be concerned that the ambulance service may not be generating the revenue that it could, and would like to see improvement. Perron responded that the primary goal of the fire and ambulance departments should be quality of service and safety to residents. He believes the departments are operating at a high level. The Chief stated that he continually receives commendation regarding the quality of service.

Resident and former PC member Ed Wall stated that he and Counsel Mark Beauregard wrote the Chief's contract. He observed that the Chief was, in part, being evaluated on his diplomacy, but does not recall the contract referencing such. He wondered if that topic has been added to the contract. Wojciechowski commented that it goes without saying that use of diplomacy, particularly with a department head, is expected and should not necessarily have to be included in a contract explicitly. He reiterated that he believes the Chief is doing a good job.

FIRE DISTRICT #1 PRUDENTIAL COMMITTEE REGULAR MEETING

Perron stated that the Chief has not had a raise in several years and should be granted an increase. Wojciechowski would like to compare with other communities. Mr. Wall stated that there has never been a time when the Chief has not received a raise even though all other employers have. Perron would like to see the PC approve a cost of living now and discuss potential additional performance-based increases at a later date. William Schenker stated that he also felt the Chief was due a raise. He further stated the ambulance department provides a valuable service to the Town, but should not be viewed as a "money maker". Resident Mitch Malinowski commented that it sounded like the Chief was doing a good job overall, but needed improvement in oversight of the ambulance service. The Chief commented that there is only so much revenue to be gotten from the ambulance service and that this is a national crisis. Kari Scytowski questioned if there was money in the budget to cover a salary increase. Perron stated that there is.

Motion: Wojciechowski moved and Perron seconded to award the Chief a 1.5% cost of living increase retroactive to July 1, 2019. Motion carried 2-1 (Aye: Perron and Wojciechowski, Nay: Taugher)

ESTABLISHMENT OF COMMITTEE TO REVIEW BYLAWS AND POLICIES

Based on previous discussion between PC and Board of Water Commissioners, Perron has approached BOWC Chair Schenker to establish an advisory committee to review District bylaws and policies. They propose a 7-member committee comprised of a PC member, a BOWC member, the Fire Chief, the Water Superintendent, the Clerk/Treasurer, a Union representative, and a community representative. The goal of the committee will be to review bylaws and policies and make recommendations to the PC, BOWC, and Annual District Meeting.

NEXT MEETING

The next meeting is planned for October 17 at 6:30 PM.

OTHER BUSINESS

District 2 has recently raised the question as to whether District 1 might be interested in handling District 2 dispatch. SHFD2 Chief Brady and SHPD Gunderson have both had recent discussions with Chief Authier. This topic has been discussed in the past with no action taken. Further discussion will continue with any resolution to be determined.

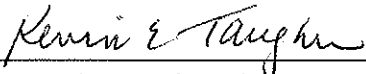
ADJOURNMENT

Motion: Taugher moved and Wojciechowski seconded to adjourn at 8:09 PM. Motion carried 3-0.

Respectfully submitted,

A true copy, attest:

Ira Brezinsky
District #1, Interim Clerk Treasurer


Kevin Taugher, Prudential Committee Clerk

BRUCE PERRON, Chair
KEVIN TAUGHER, Clerk
JOHN WOJCIECHOWSKI, Member

IRA BREZINSKY, INTERIM CLERK TREASURER

Date: September 10, 2019

From: Ira Brezinsky

To: Prudential Committee

RE: Clerk Treasurer's Report

Dear Prudential Committee Members,

Let me begin by thanking you for the opportunity to serve the residents of South Hadley Fire District 1. My first three months have been interesting and rewarding for me. I have learned a lot and am beginning to feel more comfortable in my role within the organization. Hopefully I am meeting your expectations and look forward to the months ahead as I continue to gain more confidence and search for ways to provide extra value to you and the District.

The following is a synopsis (in no particular order) of some of the activities I have been involved in since beginning my employment on June 3.

Data Recovery and Re-Entry: The work to re-enter data that was lost as a result of the cyber attack of the Fall of 2018 has been going forward at a good pace. Kari Scytowski has been fantastic and diligent in all aspects of the work she does to assist this office, and this project is no exception. She is knowledgeable in all aspects of the District's finances and, in my opinion, an expert in most areas. She is a hard worker and you (and I) are indeed fortunate to have her in the organization.

As of this writing, all of FY2016, FY2018 and FY2019 have been re-entered. Kari has begun work on re-entry of FY2017 and we expect that project to be completed by or before the end of this calendar year. CPA Eric Kinshurf, who you hired several months ago, has been onsite to review progress and has also been in touch with Tom Scanlon regarding completion of the FY2018 audit. Once FY2017 data reentry is complete, I will be back in touch with Eric to complete things. As you are aware, the draft FY2018 audit was sent to us this morning. The final version should be available before the end of this week.

As a result of the data breach and delay in completion of the FY2018 audit, Moody's has rescinded the District's bond rating in August. They had been in touch with us at the start of July to inform us of this possibility. With the help of Bond Advisor David Eisenthal from Unibank, we informed them of the data breach issue and assured them that things were on track to retrieve the data and complete the audit by late August or September. Their initial indication was that would be fine and they would wait to receive the audit. Unfortunately, their position changed about 6 weeks later and there was nothing we could do to prevent their action.

Now that the audit has been completed, a copy will be going to them for their review. We will need to go through some or all of the process required two years ago when the bond rating was first established. The fee charged by Moody's for that initial work was \$10,000, however they have agreed to waive that fee for the reestablishment of the bond rating. I will keep you informed as this process goes forward.

Telephone Bills and Equipment: A while back I was looking at the AT&T long-distance bill for the Fire Station. The bill seemed higher than it should and indeed, it was. Long story short, you were paying \$0.80 per minute for in-state LD and \$0.85 for out of state LD. Those rates are now \$0.06 and \$0.07 respectively. I have also taken a look at the Verizon portion of the phone service, which pays for the lines. That bill is over \$400 per month, which appears to be far too high. I contacted Scott Kent from Complete IT and he agrees. I will be meeting with him and a rep from communications company tomorrow to review and look at alternatives. I will possibly be coming back to you with a proposal that will provide a more resilient and cost-effective solution. Stay tuned.

Bartholomew & Company: As you are aware, all Stabilization and OPEB funds have been moved from MMDT to Bartholomew. The transfers were made on August 6. At this time, I have set things up for Bartholomew to issue quarterly (versus monthly) reports. This was done, in part, based on discussion with Brian Jamros from Bart & Co and his recommendation. We will receive our first reports in early October and can assess at that time if we wish to continue with quarterly reporting or switch to monthly.

Treasurer's School: I attended the annual Treasurer's School for 3 days in August at UMass, put on by the Mass Collectors and Treasurers Association (MCTA). I learned a ton and only dosed off for a brief moment one afternoon (after eating too many chocolate chip cookies at lunch). The school is a requirement for all Collectors and Treasurers to become certified. The curriculum is designed to be completed over a three year period each for Collectors and Treasurers), followed by successful completion of the certification test.

I stuck to the first-year curriculum, which included Duties and Responsibilities, Cash Control Procedures, Municipal Finance Law (PARTS 1&2), Cash Management, Payroll (parts 1 & 2), Tax Title and Interest Calculation Workshop, Short Term Borrowing, and Tax Title Sale & Issues. As is always the case with events of this type, I got to interact with folks from other communities and learned almost as much from them as I did from the educational sessions.

Comstar: One of the areas where I feel I need to have a better handle on things is the ambulance department and specifically our relationship and interaction with Comstar. To that end, Comstar Operations and Outreach Manager, Jenna Hurlburt Eldridge, will be stopping in this afternoon to review the reporting process and best practices.

IOD Insurance: I have been in touch with each of you separately to let you know that I was reviewing the District's Injured on Duty (IOD) insurance. IOD is required by State law for police and fire personnel, and is the equivalent of Workers Compensation insurance for all other employees and contractors. Captain Schenker and I met on July 22 with the District's IOD insurance agent, Eileen Bresnahan, and VFIS representative Jonathan Finn from the Gowrie Group.

I have sent you the District's current policy by email. I have also provided a Loss Run report from July 2012 to current. A summary of coverages is on page 3 of the policy (page 15 of the attachment).

The policy premium is \$43,077. Of particular note are the Weekly Income Benefits (WIB), Medical Expense Benefits (MEB), and deductible. The WIB is \$750 per week and is sufficient. In the event that an employee is unable to work, the District is responsible to pay the full amount of the employee's income from day one. While \$750 does not cover the full amount of weekly indemnity, it is a reasonable amount that allows the District to afford the difference up to the employee's full compensation. The MEB is \$100,000 per incident/employee. Given the size and activity of the department, it is my opinion that this benefit is too low. As we all know, medical

expenses can be very costly, particularly in the case of a catastrophic work-related injury or illness. By comparison, I am told the Easthampton Fire Department carries a MEB benefit of \$1 million. Keep in mind, the District is obligated to pay all medical expenses for work-related injury or illness, regardless of cost or level of insurance. This insurance is protection for the District in the event of a large claim. While the MEB is only \$100,000, there is no deductible. Additionally, there is no waiting period on the WIB, meaning insurance pays the full \$750 immediately. The lack of a deductible or waiting period is costly and is the reason for the \$43K premium.

I am recommending moving to a high deductible plan with an amendment to the current policy as follows.

- Increase Medical Expense Benefit to \$500,000
- Maintain Weekly Income Benefit at \$750
- Increase MEB deductible to \$10,000 aggregate per year
- Increase WIB waiting period to 60 days
- Maintain all other benefits per the current policy

The annualized premium for these changes would decrease from \$43,077 to \$32,580. In addition, the District would pay Gowrie Group an administrative fee of \$1,900 and place \$5,000 in an escrow account that would be returned or rolled over at the end of each year based on the District's claims experience from the prior year. The net premium "savings" would be \$8,597 before any deductible might be paid.

As you can see from the Loss Run Report, the total claims paid by VFIS over the past 7 years is \$69,429 for Disability (WIB) and \$16,957 for Medical (MEB). A significant portion of the WIB would still have been paid by VFIS if the District had a high deductible plan, however the first 60 days of coverage per individual would have been born by the District. On the medical expense side of things, all of that amount would have been paid by the District.

Based on very rough estimates, the savings to the District over the past 7 years would have been \$19,700, while increasing Medical Expense coverage from \$100,000 to \$500,000. Note: These are VERY rough estimates as there is no practical way to go back in time and accurately recreate the premiums for prior years. Here is how I arrived at the 7-year estimate.

Total premium paid with current coverage	\$266,000
Total premium paid with high deductible plan	<u>\$203,000</u>
Initial savings	\$ 63,000
Annual administrative fee paid	\$ 13,300
Deductible & 60-day wages paid	<u>\$ 30,000</u>
Total estimated savings	\$ 19,700

If you would like to amend the policy right away, I have a quote from VFIS based on the change taking place effective September 15 as follows.

Prorated high deductible premium	\$23,913
Prorated cancellation of current policy	<u>\$34,115</u>
Initial return of premium	\$10,202
Less administrative fee	\$ 1,900
Less initial escrow payment	<u>\$ 5,000</u>
Return of premium	\$ 3,302

Once again, thank you for the opportunity to work in the District. I have enjoyed my time here, and have been impressed with the diligence and competence of all of the staff in both the Fire and Water Departments. Please feel free to call any time with any questions or if you need any further information.

Best,
Ira

BRUCE PERRON, Chair
KEVIN TAUGHER, Clerk
JOHN WOJCIECHOWSKI, Member

**PRUDENTIAL COMMITTEE
MEETING AGENDA - Revised**
Thursday, September 12, 2019
6:30 PM
Fire Station Meeting Room
144 Newton Street

NOTE: Not all topics listed in this notice may be reached for discussion. In addition, the items listed are those which the Chairman reasonably expects will be discussed as of the date and time of this notice. Votes may be taken on any agenda item listed below. Meeting will be recorded.

- Call to order
- Review and approval of past meeting minutes
- Clerk/Treasurer's Report
- Chief's Report
- Ambulance report and adjustments
- Discussion re: District bylaws and policies review and update process
- Chief's evaluation
- Chief's compensation - salary and associated topics
- New business unforeseen 48 hours or less before this meeting
- Motion to adjourn

Posting locations:

Outside bulletin board, SH Fire District No. 1 Headquarters
SH Water Dept. No. 1 Headquarters
SH Town Hall
www.shdistrict1.org
www.southhadley.org

RECEIVED

SEP 09 2019
11:40am JB
FIRE DISTRICT NO. 1
CLERK-TREASURER

