

Fire District #1 Prudential Committee

Open Session Meeting January 27, 2016

Call to order @ 6:30pm

Members present- Kevin Taugher, Ray Miner & Greg Sheehan

Signing of the Warrants

Treasurer's quarterly reports

Monica said there were no issues on the reports that needed PC attention. The committee reviewed the reports. The budget was on track.

Treasurers report on Other Post-Employment Benefits

Monica showed a spread sheet that had an update. She said the last review was done in 2010. KT had printed out what Monica had sent him and suggested she could walk the PC through the spread sheet to which she replied "I can a little". She said the OPEB obligation at the end of the year was \$513,138.

GS asked if that represented the unfunded liability of the both the fire and water departments. Monica said that number only represented the health insurance liability for active and retired employees of both departments.

KT commented that he thought there were two liabilities, pension and health benefits. Monica said that the pension liability was not on the sheet she was working off of. KT commented that this sheet was just for the health liability and the pension is something different that Hampshire country retirement had as a liability but that we should not count on the accuracy of their information.

Monica said that this number is for both departments and that they could be separated but she wanted to wait for the full report to be completed. She said she had some questions of the actuary performing the study because his outstanding requests are exceeding the expectation he originally set for Monica.

Monica then contradicted the answer to the previous question, that in actuality the 513k only represented the unfunded health liability for just the retirees of the water and fire departments and not a combined number of both active and retired employee obligations.

Monica said that the 513k represented the OPEB for retirees as of the end of the calendar year 2014. This represented an increase in the obligation over calendar year 2013 of about 28k. GS asked about the 160k number for an increase in NPO, what is that. Monica did not know what NPO meant or what that number represented to the district.

KT asked who Patricia Achaud was. Monica said she didn't know and asked "where do you see that". KT replied it was on the spreadsheet. Monica said she had no idea who she is and that she has never talked to her.

Monica said she was sending her requirements to an individual named Jay Fontaine at the Abrams Group. They are the actuaries performing the study on OPEB.

GS asked who Jay Fontaine was, what is his role. Monica replied "he is like an outsource for Abrams, gets the info". GS asked if they were the same group that was calculating the unfunded pension liability of the district. Monica said that was something she needed to talk with them about because she still had a lot of questions.

KT-asked Monica if the 235k number on the sheet represents what the district currently pays. Monica said that represents 75% of the cost of the insurance that the retirees currently have or both departments.

KT asked about salary increase rate and amortization rate. Monica said that a lot of these are based on the economic assumption. Monica never clearly defined "economic assumption". She referenced an interest rate of 0% but an economic assumption of 5%. She said this was because we didn't have a fund for it so there was no interest being made off of it because there was no funding.

KT-reconfirmed with Monica that the current OPEB liability we had in front of us was only looking at the health insurance for the current retirees. She confirmed but also stated the additional information that she is sending was going to represent the liability for everybody. KT asked if it was their intention to do a calculation not only for the retirees but for everyone. Monica didn't concur but just stated that she didn't believe they are forecasting the entire dollar amount. Monica said they look at years of service and age. She seemed all over the map and not fully prepared to answer the questions the PC had. KT asked if it was their intent to create a report with a forecast at a certain time for the total liability for current and retired employees so that the PC would have a basis, or starting point for putting a plan in place to address this liability of the district. KT also asked if the projects were going to be based on anticipated increases in the cost of health insurance. Monica said there is a spot in the 2015 report for an estimated annual increase and she thought the assumption being used was about 6%.

KT commented that at 6% the number is going to the moon quick. Monica said that from 2014-2015 there was a decrease in MED-X, but then went back up.

KT asked if the report is what we pay per year. The 513k isn't what we are paying per year for retiree health insurance. Monica said no. The 513k is the forecasted cost of the health liability for the current group of retirees using actuarial assumptions. She tried to explain it but really couldn't. KT asked if this Jay Fontaine is someone we could set a meeting with. Monica said probably and that she would call him. She commented that he was elderly. KT said it was imperative that we meet with someone in the Abrams group because it was clear that Monica could explain the document or answer the PC questions. She said she should be able to make a call.

KT asked Monica to set up a meeting so we could get a better handle on the liability as well as have our questions answered.

KT said his interpretation was that if we put up the 513k tomorrow then we would have eliminated or health liability for retirees going forward. KT asked if Monica had a breakout on the retiree health insurance. She said not with her but could send it to him.

KT asked what our annual health cost were. Monica didn't have the number with her.

KT asked if over 65 they went on Medicare, she confirmed that to be correct. KT suggested that we meet with a knowledgeable representative from the Abrams group to meet. 2nd would be to get a breakout by name and department, active or retired and their insurance costs. Monica said she had that info in the computer.

The OPEB that we have to deal with are 1. - Health insurance under and over age 65 for actual retirees and the health insurance for current employees at retirement. 2. - pension shortfalls.

There were no other questions on post-employment benefits.

Review of FY 2017 District Budget

Chief Authier handed out the correct wages based on proper calculations of a 1, 2, & 3% increases. The problem is that the updated form he gave the PC had some names listed 2x but didn't match what he gave the Treasurer. The committee was forced to press on with inaccurate information again.

KT noted that Geno Os was listed twice under wages as well as FF Wesley. KT commented that we wanted an update and the update has some drastic mistakes. KT also noted that the Holiday number is incorrect. It goes from Est 63k to Est 65k a 2k difference and 2k is more than 1%. KT noted that the numbers are still incorrect and it needs to be fixed.

KT suggested that the Chief once again check his work for accuracy. This was a 2nd request. The 1st request was made weeks ago.

Discussion continued when it was discovered there were additional major discrepancies in the updated sheets that the Chief gave to the PC vs. The Treasurer. KT said to fix the spreadsheet and reemail to KT. With inaccurate numbers this budget process isn't going too far too fast.

GS- asked why we're running 1, 2, & 3% when we haven't even begun negotiations with the union. KT agreed but wanted to hold a 0% and didn't want to bargain in bad faith. He wanted a good number that included step raises or longevity and raises will be negotiated later.

KT said without cutting anything in the budget \$2,696,176 get ambulance funds of 700k and 500k from free cash, no raises and 3% for district personnel (Monica commented that 3% on district personnel, which includes her was ONLY a couple of thousand dollar) and the value of D1 stayed the same. This year's tax rate was \$2.29. The new rate would go to \$2.44 which is about 6.75%. The tax rate would go up .15. A penny increase on the tax rate equals 11k.

Discussion on the budget continued and the PC went through the budget line by line and cuts were made to Utilities, office expense, gas & oil, radio maintenance, Chief's account, Fire prevention, air

compressor, building improvement, alarm radio counsel, front entrance projects. There could be additional saving on the health insurance surplus.

With the preliminary cuts the tax rate would increase 2.8% or \$2.35 down from 6.75% increase after the first budget run. KT will send out an updated spreadsheet for further review in the next meeting. Just a working copy, nothing final.

Monica said that she had contacted Scanlon about the reporting or the imputed income on the Chief's district vehicle. She said that she ended up speaking to Scanlon Sr. and he said that because it is an emergency vehicle it does not go on Chief's W2. KT said that the IRS rules clearly state otherwise and we will need to have further dialogue, because the code goes into great detail around situations like this and that we should reconsider who we are talking to about tax advice. Scanlon is an auditor. If there is a tax liability the Chief is responsible for it whether we withhold it or not. KT asked if Monica understood that. She agreed. KT said it is not an emergency vehicle if it is unmarked. KT didn't want to be in a position for not withholding taxes because that would come back on Monica and Chief would be in trouble for not paying taxes. This needed to be clarified. KT asked if she consulted with the IRS on this. Monica seemed to think that there may be some confusion around the Chief's contract.

Update from Chief, Treasurer and Ambulance Director on all action items from 12/15/2015 PC meeting

Ambulance rate increases

Capt. Schenker gave the PC an analysis of the current ambulance rates charged by D1 and D2 as well as Comstars top 50 highest average. It appeared that we were undercharging as compared to the date. Capt. said that historically both districts held the same rates. It was discovered that D2 raised their rates last February. Capt. Schenker recommended raising our rates to be in parity with D2. This is also in line with a recommendation from Comstar. Capt. Schenker advised the PC that we should also expect an increase in adjustments if we raise the rates. Higher billings should result in increased revenues; however it will likely increase the amount of adjustments. The PC acknowledged the correlation between the two going forward. Comstar had a thought that it is easier to collect on a bundled rate versus an itemized ambulance bill. Chief Authier was in agreement with Capt. Schenker's recommendation. Capt. Schenker said he is also looking to break our contract with Blue Cross. He explained that under a contract we are guaranteed a minimum payment which has been relatively low. If we do not have a contract there is no guarantee of payment for services. In some cases the insurance company may send the check to the patient with the expectation that they would pay our bill. Comstar has advised that although there is a risk of that happening, but trends in the northeast has been that they have been able to collect more in situations where there is no contract in place than those where a contract exists. This has come up in previous PC meetings as a direction we may want to look into further. Capt. Schenker felt comfortable based on his research and discussions with Comstar with breaking the Blue Cross contract.

Capt. Schenker suggested that we make the new rates effective march 1, 2016. KT asked if we should increase our ALS rate for district 2. Capt. Schenker said we currently charge \$250 and even bumping g that up to \$275 would still be in line if not below what other services charge.

GS- made a motion to raise the ambulance rates in accordance with the recommendation of the ambulance director to unify the rates with District 2 as listed below

	Current	New
• BLS Emergency Base Rate	731.46	\$1,205.00
• BLS Non-Emergency Rate	457.16	\$1,205.00
• ALS Emergency Base Rate	868.62	\$1,950.00
• ALS Non- Emergency Base Rate	548.60	\$1,950.00
• ALS2 Emergency Base Rate	1,257.20	\$3,010.00
• Mileage	22.15	\$32.00

RM-2nd

UA

- GS- made a motion to increase our ALS intercept rate with District 2 effective July 1, 2016 from \$250 to \$275
- RM-2ND
- UA

Discussion continued about adjustments to ambulance receipts. The PC knew that when we made the initial change in billing agencies that there would be a lag in collections as we moved to the new service provider. We expected it to take up to 6 months before all billings would be from the new provider, Comstar Capt. Schenker informed the PC that it appears that we are starting to hit stride on billable. The numbers are trending in an upward direction. The numbers for payments received for December show a significant spike due to a large check coming in from Medicare.

KT said he was still a little concerned about the numbers for 2015 because the adjustments seem a lot higher but we will see how things play out over the next couple of months.

- GS- motion to adjust the ambulance receipts ending December 2015 in the amount of \$59,193.74
- RM-2ND
- UA

Update from Chief, Treasurer and Ambulance Director on all action items from 12/15/2015 PC meeting

KT asked how the meeting with Comstar went. Capt. Schenker said it went well. They discussed the rates which were just approved by the PC. There was a discussion about the collection process. Capt. Schenker said that Comstar said not to expect more than 3-% collection rate on delinquencies. Out of the 3-5% the collections agency collects they get a third and Comstar receives nothing.

If there was a collection on a written off account they will reopen the account on the Comstar records at no cost. There would be a running loss that would be offset by collections.

KT asked if Monica had a running tab in her records of the ongoing adjustments. Monica asked if we were referring to Soft right software, KT responded yes. Monica said in her books there is a monthly bill, collected and abated. KT was surprised that Scanlon hasn't told Monica to write it off.

Capt. Schenker said that it was recommended that we go back to 2011, if you try to go back beyond that there may be additional costs from Medi-compts.

KT said that everybody by law has health insurance. Capt. Schenker said that a lot of times they don't carry their cards. It's a bigger issue with students. KT asked that we get the data on the amount of students we transport and don't pay and the PC would request a meeting with the college to address this issue. Capt. Schenker said a lot of times it has to do with kids at parties that aren't students. KT asked him to gather the data so we can engage the college about the issue with facts.

KT commented that it appears there is a general outline or plan for dealing with the issue now it was just a matter of establishing collections with Comstar and Medi-compts. KT requested a background with Medi-compts on what's out there for collections. KT wants the data to make the decision of how we want to proceed.

Next topic was the establishment of separate labor accounts for fire training, ambulance training and professional development and special projects. This request was made at the previous meeting by the PC. KT asked if this was complete. Monica asked if KT was asking her, he then directed the question at Chief and Capt. Schenker. This was a request from the December 15th meeting. Monica apologized and said that she was lost.

KT reiterated that we had a meeting on December 15 and we needed separate breakouts in the budget for labor for fire training, any ambulance training or professional training and development and special projects. So if someone was charging fire training, Chief has a policy for training if you get paid no one is going to come back in 3 months and say they never got paid for training that they are supposed to get paid for. The policy would say that it signed and approved for a certain amount of hours and the personnel gets paid. Then if they don't get paid they could bring the sheet back that says they are supposed to get paid for the training. The request was to create the process and establish separate accounts for each activity so the true labor costs associated with such trainings or activities was transparent and easily identifiable. KT wanted to be in a position going forward that there are accounts

established so that going forward there is a policy and procedure in place for how people get paid for participating in certain activities, training and professional development.

I was clear that the request was made with 6 weeks to prepare and complete the assigned task but absolutely now work has been done toward completing the task since the last meeting. KT again reiterated his request which was acknowledged by the Chief.

The next project due for completion was the payroll tracking of sick and vacation time. This was a request made at the December 15th meeting to install the tracking of such time through payroll so that we could better understand the financial obligations of the district but also create a more accurate procedure for tracking such time. Again, making it identifiable on a payroll basis if there were any errors. The PC didn't want issues over time off coming to light months down the road because what the Chief had was different than what the FF had etc.

Monica said that has been put into play. She had received all the current numbers from everyone. She said she had Chief and Jeff Cyr send out emails to their staff to double check them to make sure they are right. She was expecting there may be a few kinks initially but going forward it will all be on their pay stubs.

GS asked who was doing the inputs for payroll. Monica said that the Chief fills out a form and that is sent to payroll and the payroll provider then tracks the information.

The other request was a communication/ notification plan on Chiefs time out. Notification to dispatch, staff, PC as well as preapproval for vacation, the nominating of deputy chief if the chief is out for an extended time or notifying the treasurer if he was not going to be there. KT asked if he had prepared a policy for PC review. Chief said there has been a policy. KT said then write it up and have it for the next meeting because the PC hasn't seen it. Chief said ok. KT said he is asking for this because when the Chief was out last time there were complaints from staff that not everyone was told the Chief was going to be out, how long he was going to be out or who was in charge. Chief asked who the complaints were from, because all the officers were made aware of his absence and Capt. Schenker actually put a letter in everyone's mailbox. Capt. Schenker confirmed that a letter was put in everyone's mailbox but some said they never received them to which Capt. Schenker replied "they are lying". KT asked for a copy of the letter. KT made a suggestion at the last meeting that there be a place on the bulletin board with the Chief's status where direct correspondence from the Chief can be posted. Then no one has an excuse for not being aware of any changes in command. KT made a 2nd request to the Chief to write up a policy addressing these issues and how the Chief is managing that process and have something for the PC to review. Chief said in his opinion he should be communicating to the officers and they should be communicating with staff. He did not think it was his duty to inform the most Junior FF. It should be the officer's responsibility. KT then asked who would notify the PC, Chief said he would. KT asked who would notify the Treasurer, Chief said he would. KT asked about nominating a Deputy Chief in his absence. Chief said he wouldn't nominate a Deputy Chief, KT then asked how he would nominate an acting Chief. KT wanted to know the process around naming an acting Chief. Chief said he would put it in writing and send it to the PC. This was the purpose of the initial request. The PC wanted a clear

written policy and procedure on how this would get done so that everyone knows how this situation gets communicated to the district staff and officials. Chief had 6 weeks to prepare this request but clearly had not begun the process. A 2nd request was made by the PC for our next meeting. The PC is not looking to get involved in the micromanagement of the Fire Station they just want to know that a communication plan is in place. Chief said that there is an SOP in place for this kind of communication and he had hoped that this wouldn't need to be explained to Captains but he will put a plan in place for PC review.

KT said as we get into much more structured situations like dealing with unions these things are going to need to be much more detailed on what has to happen. Right now if the Chief doesn't like someone he could just say good-bye because they are employed at will. But if these things aren't clearly identified in a union contract we read in the paper all the time as an example "it wasn't in the contract so no one said I couldn't be taking the district vehicle to Springfield to pick up my auto parts on my off shift" If it isn't clearly explained then it becomes a gray area. The PC wants to make sure that in the future if anything comes up for dispute there are policies and procedures in place and in writing that act as a guide for direction and answer. We don't want there to be a situation that comes up that doesn't have a policy and procedure in place that can be open to gross interpretation because a policy or procedure does currently exist. The Chief needs to have this in place so he can reference in writing on a specific page the procedure for how we communicate his absence, or how to service the vehicles, etc.

Chief's monthly reports

As Chief was passing out copies of his reports GS made the suggestion that the Chief consider updating his reports to reflect FY 2016 and not the FY 2013 currently at the top of the report.

Chief reviewed his inspection reports, ambulance calls, fire calls. See attached for specific numbers.

Chief discussed an issue that took place at the new Plains school. The fire department was notified that acoustic panels in the auditorium were blocking sprinkler heads and in violation of existing fire code. Chief contacted the PC Chair as well as Dr. Young to assure them that the school was not going to be shut down but the issue needed some immediate attention. Chief said there were rumors that the Chief was going to close down the school but Chief reached out to Dr. Young and told him that was not the case. The code violations were corrected shortly thereafter and they are no longer in violation of the code.

Chief said they had a Christmas lunch with the COA in conjunction with other town department as well as D2 and the Sheriff's Department and DA's office.

Call FF applicants have been accepted and will be hired, pending satisfactory physicals. This bring the total up to 17

The salary budgets were tracking well. Some increase in overtime due to increases in ambulance calls. There have been times that all the ambulances have been on calls. They have had 5 calls at a time in recent weeks.

New business unforeseen 48hrs or less before this meeting

Capt. Schenker had a handout with a sketch for ongoing funding and ambulance purchases in the future. This is just a first pass attempt based on current funding and projected costs of a new ambulance a few years down the road.

Next meeting


February 4, 2016 @6:30pm at the Fire station

A quick budget review and then executive session

- GS- motion to adjourn
- RM-2
- UA

Meeting adjourned at 8:25pm

Respectfully submitted

A handwritten signature in black ink, appearing to read 'Greg Sheehan', with a long horizontal flourish extending to the right.

Greg Sheehan

Prudential Committee, Clerk