

Approved

SANBORNTON BOARD OF SELECTMEN'S MINUTES

October 9, 2019

Town Offices

The Board of Selectmen convened in regular session on Wednesday, October 2, 2019 at 5:00 p.m. at the Town Offices. In attendance were Selectman Jim Dick and Selectman John Olmstead. Town Administrator, Trisha Stafford was also present. Selectman Tom Salatiello was absent.

1.0 Pledge of Allegiance - Those in attendance recited the Pledge of Allegiance.

2.0 Public Comment -

3.0 New Business

A. Police Cruiser Update - Chief Hankard informed the Board that he has located a dealership in Massachusetts called MHQ that has an SUV hybrid in stock in the amount of \$37,869 dollars, which is a couple grand more than expected because the warrant article was for \$35K but there is \$23K in the police special detail fund to cover the vehicle plus the upfitting (estimated \$7K). Chief Hankard noted the sedan will be turned in to the town car and Hanser will paint the car all black for \$650 dollars but it will be 30 days before the SUV is available. Chair Olmstead made a **motion** to authorize Chief Hankard to purchase a hybrid SUV from MHQ in the amount of \$37,869 dollars with the funds to come from the warrant article plus the police special detail fund. Selectman Dick **seconded** the motion and the **motion passed unanimously**. Chair Olmstead made a **motion** to take the 2008 crown victoria out of service which will be replaced with the 2016 sedan and will become the new town car after retrofitting. Selectman Dick **seconded** the motion and the **motion passed unanimously**. Chief Hankard stated he will get an estimate from Ossipee Mountain Electronics for the upfitting and report back to the Board.

B. Health Insurance Study Committee - The Board was provided with the HISC's draft report and recommendations dated October 7, 2019. Ray Masse thanked the Board for letting him do this presentation of the committee's findings tonight. Mr. Masse also thanked TA Stafford, Selectman Salatiello, Selectman Dick and the members of the HISC for all of their work. Mr. Masse stated the HISC has held thirteen meetings since May and has prepared a comprehensive report with recommendations to the Selectmen but the committee agreed to have the Selectmen review the final draft to be sure they have met their charge fully and address any questions. Mr. Masse stated line item 4155.210 medical insurance premiums plus the HRA has been underspent, in 2017 only \$37,000 was spent out of the total budget of \$90,000, in 2018 \$68,000 was spent out of \$127,000 and in 2019 \$68,000 was spent out of \$137,000 (chart on page 7). Mr. Masse explained page 7 has a chart of the HRA budget versus the Town's actual expenditures that shows a big gap by comparing the calendar year versus the fiscal year. Mr. Masse stated the Town's risk is

\$281K just on HRAs but that scenario is unlikely to happen. Mr. Masse stated HRAs were created in 2010 with individual coverage of \$500 for hospital stays, and in 2018 the Board of Selectmen approved the HRA to cover all out of pocket expenses except for a deductible of \$500 (individual) or \$1000 (family). That increased the total budget for HRAs to \$148K, to cover the employees with the increased deductibles and maximum out of pocket expenses.. Mr Masse referred to the chart on page 8, that shows the budgeted amount from 2015 at \$337K which increases to \$472K in 2020. Mr. Masse stated the actual amount spent went down in 2017 based on large employee turnover and vacancies. Mr. Masse explained that the HISC looked at a plethora of models to try to address the top concerns: 1. If the current benefits were comparable or better, 2. How to lessen the trajectory of cost increases, especially for the HRA and 3. How to lessen the cost of health care without impacting the employee's compensation as a total package. Mr. Masse referred to page 23, which are the HISC's recommendations.

1. Switch the Town's health insurance from the current Harvard HMO Silver 5000 LP plan to the Access Blue New England HMO AB (w/prescription option 2) offered by Health Trust. Mr. Masse noted that 83% of municipalities in New Hampshire utilize Health Trust which has two renewal dates in January and July.
2. Initiate the new Health Trust policy in July 2020 to keep expenditures aligned with the Town's fiscal year with the guaranteed maximum rates that have already been provided by HealthTrust to become effective 7/1/2020, which has been accounted for in this analysis.
3. The change in medical policy renewal from calendar year (CY) to fiscal year (FY) could cause some number of employees to pay deductibles twice (or a portion thereof) in CY 2020. Therefore, the HISC recommends a one-time stipend based on medical coverage they are enrolled in and based on the existing HRA deductible of \$500/single or \$1K family. The stipend would be paid in June 2020 using excess HRA funds budgeted for in 2020, so there will not be any budget impact for this cost in FY 2021.
4. Beginning with the plan change in July 2020, utilize the HRA will pay 50% of the employee deductibles. This is the maximum Town contribution allowed by HealthTrust.. They want the members to be incentivized to seek the most cost-effective health care options to help keep premiums low. Payment should be made as a refund on 50% of the deductible cost every time a claim is submitted (50% Town - 50% employee) up to the maximum deductible on their plan. Mr. Masse noted that deductibles are \$3K for an individual and \$9K for a family but HealthTrust offers many service options that result in no cost to the employees for basic services like lab work or xrays – as long as the employees use the designated Site of Service providers. Mr. Masse explained that if employees use the “Quest app” and they need blood work with an approved provider they may get a refund/check back.
5. Offer employees a Flexible Spending Account (FSA) to allow them to set aside money to cover their increased health care costs. Establishing the FSA comes at no cost to the Town. The Town would budget the money each FY to fund the FSA accounts up front. A portion of that payment will be repaid through employee payroll deductions.
 - a. Provide a direct employer contribution of \$500 to the FSA to help offset any increased out of pocket expenses to employees under the new plan.
 - b. Provide up to \$500 in matching FSA contributions for employees that make

contributions to their own accounts.

c. Offer the Dependent Care option for the FSA - this comes at no cost to the Town and it simply becomes available to employees who qualify and choose to use it.

6. Work with the Health Trust on a comprehensive training and awareness program for enrollees, including both employees and their families.

7. To adjust for the impact of the recommendation above on total employee compensation, the HISC recommends applying a portion of the medical cost savings to a one-time across the board pay matrix adjustment, as presented in Appendix III. The HISC also created a revised pay matrix (4.5% increase) in Appendix IV, which is separate from any COLA and/or grade/step adjustments for FY2021. Selectman Dick added that depending on the individual circumstances, the new health care plan could increase out of pocket costs for an employee by \$2K, so the HISC thought it was important to look at this as total compensation, since the current HRA policy has been in place for two years and removing it would be effectively a pay cut.

8. Though not studied, the HISC recommends that the Town seek bids from the Health Trust for other benefits, i.e. disability, life, etc. for less of an administrative burden (Dental is currently provided by the Health Trust).

Based on the information presented in this report the Town should expect a savings of \$156K in FY 2021 over the FY 2020 funding in budget line 4155.210, which represents a 32% decrease in the cost of health care. After implementing the total compensation adjustments the Town will still net a nearly \$69K budget savings. Further and arguably the number one charge for the HISC, the inherent risk associated with the current HRA policies will be dramatically reduced while not creating a negative impact on employee recruitment or retention. Chair Olmstead stated he feels the HISC has done a fantastic job which has raised questions that he didn't think of, and he also feels that everything has been considered with plausible recommendations. Selectman Dick noted that this will put less in the general fund, but it will recede the amount that has to be budgeted – which results in a lower impact on the tax rate. Mr. Masse suggested briefing the HISC report to the Budget Committee offered to reach out to the Budget Committee Chair to see if a presentation could be made to them before October 19th. Chair Olmstead asked Mr. Masse to coordinate the briefing to the Budget Committee.

C. Committee Appointments - Selectman Dick stated the representatives from other Boards and Committees to the CIP Committee doesn't need to be appointed because they have already been appointed by the BoS. The BoS noted that Deb Schneklath has been designated as one of the Planning Board representatives to the CIPC.

4.0 Old Business - None at his time.

5.0 Town Administrator's Report

A. Expenditure Report - TA Stafford and the Board reviewed the September expenditure report.

B. Potluck Luncheon - TA Stafford reported that at the Department Head meeting, it was decided to have the holiday potluck luncheon on December 12th

C. Highway Department - Salt, Sand & Plowing - Selectman Dick made a **motion** to

authorize Director Van Tassel to sign the 2nd salt contract from Morton Salt at \$59.50 per ton. Chair Olmstead **seconded** the motion and the **motion passed unanimously**. Chair Olmstead made a **motion** to authorize Director Van Tassel to sign the aggregate sand contract with Pike Industries at \$5.25 per ton. Selectman Dick **seconded** the motion and the **motion passed unanimously**. TA Stafford reported that no bids were received for winter plowing, so it is being readvertised.

6.0 Selectmen's Report

A. Update on the work of the Recreation Commission - Chair Olmstead provided an update.

B. Recreation Coordinator - The Board agreed that the new Recreation Coordinator's date of hire should be October 2nd.

C. CIP Committee - Selectman Dick asked if anyone has the 2018 spreadsheet and AS Rollins replied she would email the copy she has from last year's annual report.

7.0 Authorization Signatures: Payroll and Accounts Payable Register

A. Board Meeting: 9/25/19 -The Chair signed.

8.0 Review & Approve Minutes

A. BOS Meeting 10/2/2019 - Members of the Board reviewed the draft meeting minutes of October 2, 2019. Chair Olmstead made a **motion** to accept the draft meeting minutes of October 2, 2019 with corrections. Selectman Dick **seconded** the motion and the **motion passed unanimously**.

9.0 Donations - None at this time.

10.0 ADJOURNMENT – Selectman Dick made a **motion** to adjourn the meeting at 7:30 p.m. Chair Olmstead **seconded** the motion and the **motion passed unanimously**.

11.0 NEXT MEETING(S) – The Selectmen will hold their regularly scheduled meeting on **Wednesday, October 16, 2019 @ 5:00 p.m.** at the Sanbornton Town Office.

Respectfully submitted,
April Rollins, Administrative Specialist

Selectmen's Clerk _____
Approved 10/16/19