

**COMMITTEE ON FINANCE
MAY 13, 2019 AT 6:00 p.m.
COMMITTEE ROOM
WOBURN CITY HALL**

Voting Members present: Chairman Michael Concannon, Alderman Edward Tedesco, Alderman Richard Gately, Alderman Lindsay Higgins, and Alderman Robert Ferullo

Non-Voting Members present: Alderman Darlene Mercer-Bruen, Alderman Mark Gaffney, and President Michael Anderson. Late: Alderman Joanne Campbell

Also present: Mayor Scott Galvin, Fire Chief Stephen Adgate, Retirement Administrator Maureen Marcucci

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Order to transfer \$275,000 from Fire/BLS Ambulance Acct to Fire Ambulance Accts: Chief Adgate said the money from the transfer will be used to buy a new ambulance. He said the money to pay for the ambulance will come from ambulance receipts. Chairman Concannon asked which ambulance the new ambulance will replace. Chief Adgate said the new ambulance will replace the oldest of the three ambulances in the fleet. He said it is time to replace the oldest ambulance. Alderman Gately asked about the disposition of the ambulance that is being retired. Chief Adgate said it will be put on the market. He said he will go through the proper process with the city's Purchasing Dept. He said the primary ambulance is on the road 24/7. He said the secondary ambulance usually runs from 8 a.m. to 6 p.m., and the tertiary ambulance is held in reserve. He said the tertiary ambulance goes into service when one of the other two is under repair. He said the ambulances take a beating because the WFD makes about 4,500 EMS calls a year. Chairman Concannon asked if the current secondary ambulance will become the tertiary ambulance when the new ambulance arrives. Chief Adgate said it will. Chairman Concannon asked in what condition the current secondary ambulance is. Chief Adgate said it is serviceable. Motion made by Alderman Gately and seconded by Alderman Tedesco that the transfer "ought to pass;" approved, 5-0.

Motion made by Alderman Tedesco and seconded by Alderman Higgins to take the next two matters collectively; approved, 5-0. Motion made by Alderman Gately and seconded by Alderman Higgins to accept and make part of the permanent record a **Communication from His Honor the Mayor relative to the OPEB Trust Fund** dated May 2, 2019; approved, 5-0.

Order to transfer \$750,000 from Overlay Reserve Acct to OPEB Trust Fund Acct: Mayor Galvin said it is appropriate to talk about the communication and the transfer request at the same time. He said the city currently has an unfunded Other Post-Employment Benefits (OPEB) liability of \$235 million. He said the transfer would amount to a very, very modest stride toward attaining that monetary figure. He said the OPEB fund will be around \$5 million once this appropriation is factored in. He said Treasurer/Tax Collector Timothy Donovan is the custodian of the OPEB account. He said the city has a long way to go. He said the city will continue to take modest strides toward attaining the OPEB liability. Motion made by Alderman Tedesco and seconded by Alderman Gately that the transfer "ought to pass;" approved, 5-0.

Motion made by Alderman Tedesco and seconded by Alderman Higgins to take the next four matters collectively; approved, 5-0.

Order that creates a local option to increase the stipend paid to members of the Retirement Board;

Order to increase the minimum allowance paid to Survivors of Deceased members;

Order providing an increase to the allowances of Survivors of Disabled Retirees of the Woburn Retirement System;

Order to increase the maximum base on which any cost-of-living adjustment may be calculated.

Mayor Galvin said one of the things with the municipal budget is the pension liability. He said he is not opposed to the annual cost of living adjustment (COLA) between 1-3 percent, but he is strongly opposed to the City Council adopting the proposed increase in wages. He said the proposed increases will add about \$200,000 a year to the funding schedule. He cautioned the City Council of the financial implications. He said the city has budgetary challenges this year. He said he does not think this the right time to add to the municipal budget. Alderman Gately said he has seen the projections. He asked how the retirees can live on what they get in their pensions. Mayor Galvin said the retirees get a COLA adjustment of between 1-3 percent every year. He said since 2010 the pension liability has gone from \$4 million to \$8 million, which is not consistent with the percentage increase in the city budget over that time. Alderman Gately said the city has to help its retirees. He said the retirees are not where they should be. He said this increase will help people. He said \$200,000 isn't a lot of money. Mayor Galvin said \$200,000 is a lot of money in the school budget. He said the council is aware of what is driving the budget. Alderman Gately said the retirees deserve some kind of break. Chairman Concannon said he would like to hear from Administrator Marcucci. Administrator Marcucci said there are more people retiring from higher income brackets and the COLA adjustment is naturally going to increase. She said the COLA can be no greater than 3 percent of the first \$12,000. She said the Retirement Board is not advising this randomly. She said the board thinks it is in the best interests of the city to phase the maximum base over a 6-year period. She said one of the orders to increase the allowance for survivors impacts four recipients, and there will be no one new. She said the other increase impacts eight recipients and there is a minimal likelihood it may increase to 10 recipients. She said there is no scenario under which there will be 20, 30 or 35 recipients. She said there is a new law that allows the stipend for Retirement Board members to be increased to \$4,500. She said members will need to file a full financial statement. She said the board meets on average of between 18-20 times per year. Alderman Higgins asked when the last time the stipend for Retirement Board members was increased. Administrator Marcucci said the last time it was increased was prior to 2000. She said the increase will not make them eligible for any additional benefits. She said of the four orders, the biggest deal is the increase on the maximum base for the COLA. She said the maximum is \$360 per years and the retirees have to be vested for the full fiscal year. Alderman Campbell arrived at 6:25 p.m. Alderman Higgins asked why Administrator Marcucci thinks this is the best method to implement changes to the maximum base. Administrator Marcucci said a lot of communities went directly to the increase to \$18,000. She said most counties jumped right to \$18,000. She said Middlesex County is going from a base of \$14,000 to \$16,000 on July 1. Alderman Higgins asked if Middlesex County is going to \$18,000. Administrator Marcucci said Middlesex County is going to \$18,000 in two

years. Alderman Gaffney asked how health insurance will be impacted. Administrator Marcucci said Medex is an extension of health insurance offered by MIIA. She said once an employee reaches the age of 55, the city is no longer the primary provider of health insurance and the employee enrolls in Medicare, but Medicare will not pay for everything. She said the Medex plan will cover the subscriber anywhere he or she goes. She said the employer/employee ratio for Medex subscriptions will change to 65/35 on January 1. Mayor Galvin said the ratio for employees who are already retired will remain 90/10. Retirement Board Chairman Denis Devine said anyone enrolled in Medex has to have 40 quarters to get Medicare. He said that it mostly impacts police and fire personnel. Chairman Concannon asked about the law that allows the stipend of board members to be increase to \$4,500. Administrator Marcucci said the city increased the stipend from \$1,500 to \$3,000 in 1996, and now there is a request to go to \$4,500. Chairman Concannon asked if other communities are increasing their stipend to \$4,500. Administrator Marcucci said about a third are going to \$4,500. Chairman Concannon asked if anyone in the audience wished to address the committee about the legislation. There were no respondents. Alderman Gaffney said he will be supporting the legislation when it comes to a vote in City Council Chambers. Alderman Gately asked if the committee will vote on the matters together or separately. Alderman Campbell said she thinks the council should support the retirees. She said the city has the resources to pass the legislation. She said she thinks this will help the retirees. President Anderson said he thinks \$250,000 isn't an insignificant amount, but right now the city is in an economic boom. Administrator Marcucci said the increase will be \$30 per year on the first \$18,000. President Anderson asked if the increase will be \$250,000 for the next 18 years. Administrator Marcucci said two years from now the number may be different. Motion made by Alderman Gately and seconded by Alderman Tedesco that the Order that creates a local option to increase the stipend paid to members of the Retirement Board "ought to pass;" approved, 5-0. Motion made by Alderman Gately and seconded by Alderman Tedesco that the Order to increase the minimum allowance paid to Survivors of Deceased members "ought to pass;" approved, 5-0. Motion made by Alderman Gately and seconded by Alderman Tedesco that the Order providing an increase to the allowances of Survivors of Disabled Retirees of the Woburn Retirement System "ought to pass;" approved, 5-0. Motion made by Alderman Gately and seconded by Alderman Tedesco that Order to increase the maximum base on which any cost-of-living adjustment may be calculated "ought to pass," with the stipulation the maximum base will increase by \$1,000 per year over the next six years; approved, 5-0.

Motion made by Alderman Gately and seconded by Alderman Tedesco to adjourn; approved, 5-0. Chairman Concannon adjourned the meeting at 6:38 p.m.

Attest: _____
Gordon Vincent
Clerk of Committees