

**COMMITTEE ON LIAISON  
JUNE 13, 2018 at 6:43 p.m.  
CITY COUNCIL CHAMBERS  
WOBURN CITY HALL**

Voting Members present: President Richard Haggerty, Alderman Michael Anderson, Alderman Michael Concannon, Alderman Richard Gately, Alderman Joanne Campbell, Alderman Darlene Mercer-Bruen and Alderman Edward Tedesco.

Absent: Alderman Lindsay Higgins and Alderman Mark Gaffney

Also present: Mayor Scott Galvin, Human Resources Director Elaine Pruyne and Retirement Administrator Maureen Marcucci

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**Communication relative to retiree health insurance contributions and Order relative to retiree health insurance contributions:** Motion made by Alderman Tedesco and seconded by Alderman Anderson to receive and make part of the permanent record the following communications: A memorandum from City Solicitor Ellen Callahan Doucette entitled “MGL c.20B, Section 9E – Local Option Statute;” a memorandum from Retirement Administrator Maureen Marcucci entitled “Retiree Health Insurance Contributions – Meeting 6-13-2018;” and a series of documents from Human Resources Director Elaine Pruyne listing health insurance rates and costs, along with a list of retiree health insurance percentages in other communities; approved, 7-0. Mayor Galvin said three of the aldermen at the table have conflicts of interest because they have family members who are working for the city and entitled to health insurance benefits. Mayor Galvin said there is a legal distinction between the conflicts of interest that were identified by the aldermen during the budget review session but this instance is different. Alderman Campbell said she is absolutely allowed to discuss the health insurance issue. Mayor Galvin said the conflict of interest law is very clear and that anyone with a conflict of interest should not even be in the room. Alderman Campbell said the mayor’s interpretation is incorrect and council members are allowed to ask questions. Alderman Concannon said he inquired with the state Ethics Commission about conflicts of interest and was told he could participate in the discussion about the budget and that he was not allowed to vote on any page with a line item on which his family member’s name appears. Alderman Concannon allowed he does have family members who could be impacted by changes to the retiree health insurance rates and he would seek some sort of guidance regarding conflict of interest. Alderman Campbell said she sought an opinion from the state Ethics Commission feels confident where she is right now. Alderman Gately said he has no conflicts of interest. Aldermen Anderson and Tedesco said they have no problem participating in the discussion. Alderman Mercer-Bruen said she has no conflicts. Alderman Concannon said he would prefer to wait for an opinion on the conflict of interest issue and left the Committee Room. President Haggerty asked if anyone on the committee has any questions about City Solicitor’s memo. Alderman Mercer-Bruen asked if she could have a couple of minutes to read the memo. President Haggerty said she could take her time. Mayor Galvin offered a quick synopsis of the memo: He said he brought down this order about four weeks ago and the reason behind it is the numbers he has been contemplating indicate there needs to be an increase in the retirees contribution to health insurance and he wants to make sure the right steps

are in place. He said City Solicitor Callahan Doucette's memo focuses on the fact the city has not accepted MGL c.209 Section 9E and thus the city cannot accept the statute that allows the city to contribute more than 50 percent to retirees' health insurance. He said when the oversight was discovered, he felt he had an obligation to send it to the City Council. He said he knows the July 1 date he selected has caused problems, but he thinks there may be a solution. He said he knows the City Council has been hung up on one section about treating different classes separately. He said a lot of other communities are doing this and a handful of others have filed for a special act of the legislature or a home rule petition. He said City Solicitor Callahan Doucette's legal opinions address Alderman Concannon's concerns. He said there is no case law on point to support the action taken by the Board of Selectmen in Erving. He said the only action required of the City Council is to adopt Section 9E, and the council's only responsibility is to say yes or no, and if the council says no, the city is kind of stuck in a corner. Alderman Anderson said MGL indicates the retirees have to pay on their own unless the city adopts a statute the city has never adopted. He said the current health care ratio is the employees pay 10 percent and the city pays 90 percent and after July 1 it will change from 25 percent and 75 percent. He said he is worried there will end up being different classes of employees who are being treated differently. Mayor Galvin said any employee who feels aggrieved by any decision can challenge, and that the proposal the city is offering is extremely fair. He said the proposal takes both the employees and the taxpayers into consideration. He said the council has seen the numbers and that one of the city's greatest challenges is OPEB liabilities. Alderman Anderson said he thinks a 75/25 ratio is fair. President Haggerty said the last line in Section 9E is concerning, and the timing is something he's heard about from constituents. He said he understands that people may have made different decisions about their employment status had they known earlier. He said the change will probably impact employees at the lower end of the pay scale the most and those are the folks he's most concerned about. He said delaying implementation is something he would ask the mayor to consider, but for how long, he's not sure; at least one year, maybe two. He said he understands the implications, but the city also has to be fair to employees. Alderman Campbell said she does not see the change as being fair. She said right now the ratio is 90/10 and that's great. She said the city can afford to pay more for health insurance for its retirees because Woburn is very different than other cities. She said the city is flourishing and very wealthy. Alderman Campbell said the city has been charging extra money to its taxpayers. She said the ratio has been 90/10. She said she understands the mayor was hoping to bypass the City Council and make the change a couple of months ago. She said the fair thing to do would be to give the employees more time to decide whether they want to retire. She said she would like to see the process implemented slowly. Alderman Mercer-Bruen the mayor is in a difficult position because the 90/10 ratio is not sustainable and what he has proposed is fair. She said delaying the implementation for five years is too long. She said employees need to be treated fairly. She said the 75/25 ratio is not terrible but what is terrible is asking people to make decisions about retiring in only a few months. She asked if the mayor is willing to talk about delaying the rollout so the retirees can plan accordingly. Alderman Campbell said she agrees with Alderman Mercer-Bruen except for the ratio because the city has been paying 90 percent and taxes are still low. Alderman Mercer-Bruen said the city still has expenses and has to make choices, because the city cannot do it all. Alderman Gately said the city cannot sustain health insurance at its current rate. He said the city used to give out an excellent benefits package because there was no money for salaries, but that has all changed. He said wages are good now, and benefits are still excellent. He said the mayor's plan can be accomplished but it needs to be implemented slowly, so the employees know

what's coming. He said the city can't make up \$218 million in a handful of retirees and that amount of money needs to be made up with long-term planning. He said he wants to see a good plan, and this is not a good plan. President Haggerty said he is concerned because the public safety employees are being treated differently due to age. Director Pruyne said she furnished the committee with three documents. The first document contains the rates under the proposed ratio change. She said people who are not on Medicare will be taking the biggest hit. President Haggerty said it looks like the increase is \$365 a month. Director Pruyne said the second document is a survey of other cities and towns, which she said are all over the place. She said Burlington recently implemented a 70/30 ratio and there was no opposition. Mayor Galvin said he talked to Burlington's town manager and there is a grandfather clause involved. Director Pruyne said Arlington has different rates for different hire dates and Waltham has a special act for retirees to stay where they are. She said the third handout shows the insurance budget for FY '19 with a breakdown of each different group. She said historically the ratio started at 75/25 but with the advent of HMOs the ratio was changed to 90/10 and in 2009 the city opted to go with different rates for employees and retirees. She said the number of enrollees is 1,355, which includes spouses. President Haggerty asked Mayor Galvin if he has a general idea of the city's unfunded liability. Mayor Galvin said every bit the council helps reduce the liability is beneficial and this is one of the tools in the tool box. He said he thinks it will be helpful if the city delayed implementation of the 75/25 ratio until January 1, 2019, because it will give retirees a chance to look at it. Alderman Anderson asked if the change would be adopted on July 1, 2019. President Haggerty said there are a lot of employees who have to give 18 months advance notice. President Haggerty said it is important to not change the rules in the middle of the game, and that is it important to let people plan. Mayor Galvin said he thinks six months is enough time. Administrator Marcucci addressed the conflict of interest issue and said the council can invoke the rule of necessity because it's part of their job. She said she appreciates the mayor's comments but said July 1, 2019 is better than January 1, 2019 for an implementation date. She said there is also a concern about Medicare going to a 65/35 ratio. She said the change from 90/10 to 75/25 will result in a \$150 increase in the premium. She said if the city does some long-term planning there will be plenty of respect and recognition of that. She said the city needs to be fair to people who are looking at retirement. She said 50 workers have come into the retirement office since May 18, inquiring about how they will be impacted by the change to the health insurance ratio. She said her office has been bombarded by people who are very distraught. She said she prepared a response. She said morale has been seriously impacted. She said the employees who will be affected the most are the ones who are earning the least. She said school paraprofessionals are doing difficult jobs for low pay and they count on their benefits to sustain them. She said cafeteria workers are in the same situation, and are looking for some sort of dignity. She said police and fire personnel are retiring earlier and need to count on health insurance for a longer period of time, and that most of them are on the family plan. She said the city has to replace retired employees. She said School Dept. employees generally have to give their notice by October 1 if they don't get their retirement bonus. She said some employees will lose their accumulated time off. She said her department asked for advance notice, and this is not advance notice, and it is not fair. Alderman Anderson suggested asking the City Solicitor if the rule of necessity could be applied. President Haggerty said the current situation involves employees having until tomorrow to decide if they are going to retire. He said he appreciates the mayor's willingness to be flexible on the decision date but said January 1, 2020 is the earliest he can go. Mayor Galvin said that date is too far. President Haggerty said he can't support a date

earlier than that. Alderman Mercer-Bruen said that's less than two years and it is fair. Mayor Galvin said he thinks six months is sufficient. Alderman Mercer-Bruen said she thinks five years is unreasonable. Alderman Anderson said January 1, 2020 will give fire and police ample time to decide. He said if the city does nothing, the state statute of a 50/50 ratio is adopted. Alderman Campbell said the mayor has known about this for three years and done nothing. Alderman Anderson said the mayor learned about the situation in January. Alderman Campbell said she feels like the city is going against the law. She said there really should be no rush and she would like to take some time to get it right. President Haggerty said there is great uncertainty. Alderman Campbell said she would like to delay implementation for at least 15 months. Mayor Galvin said by doing that the council is only kicking the can down the road. Alderman Mercer-Bruen asked Mayor Galvin if he would agree to delay implementation for 18 months. Mayor Galvin reiterated he thinks six months is sufficient. Alderman Mercer-Bruen said Mayor Galvin's response is disappointing. Mayor Galvin said he would split the difference at 12 months, and if it has to be a year, it will be a year, but any more than that, the council is kicking the can down the road. Motion made by Alderman Mercer-Bruen and seconded by Alderman Tedesco to send the matter "back for action;" approved, 6-0.

Motion made by Alderman Tedesco and seconded by Alderman Concannon to adjourn; approved, 8-0. President Haggerty adjourned the meeting at 7:56 p.m.

Attest: \_\_\_\_\_  
Gordon Vincent  
Clerk of Committees