

# BUDGET COMMITTEE MEETING MINUTES

THURSDAY, May 2, 2019

*\*\*\* For further / detailed information refer to video recordings on the SRC-TV website – Choose the “SRC-TV Streaming box”, then click on “Limerick Municipal Bldg. box.”.*

**Presiding:** Ed Morgan, Chairman

**Members Present:** Paul Donnellan, Bill Jones, David Lancaster, Steve McLean, Sue McIntyre, Ed Morgan; Justin Reinhartd

**Members Absent:** None

**Selectmen Present:** Gil Harris, Dottie Richards, Wendy Thorne.

**Guests:** John McIntyre, resident, Judy LePage, Town Clerk

**1. Call to order – count for quorum**

The meeting was called to order at 7:02 p.m.  
A quorum was established

**2. Accept Minutes from Previous Meeting**

*Paul Donnellan motioned to accept the March 28, 2019 meeting minutes, seconded by Bill Jones. Vote taken. Motion passed with all in favor.*

**3. Review proposed June Ballot Article on Healthcare Plan**

Ed provided an update on the proposed June ballot article for the Healthcare Plan. He noted that the plan would be effective January 1, 2020 with a proposed total cost of \$85,000.

The Board of Select had unanimously voted in favor of the plan at their April 23, 2019 meeting. However, the Board attempted to amend the Article at their next Board meeting on April 29, 2019 but due to the recusal of one Selectman, along with a second Selectman being absent, the amendment did not suffice the necessary quorum needed to pass, and it additionally did not meet the State’s required 60-day timeline to get on the June ballot as a written ballot item. Subsequently, the original Article that passed with the Select Board during their meeting on April 23, 2019 still stands as written. It states as follows:

*To see if the Town will vote to authorize the Board of Selectmen to establish a Group Health Insurance Plan for its eligible full-time employees with the following provisions:*

- 1. To be effective January 1, 2020*
- 2. Town will contribute 100% of the annual premium*
- 3. Maximum annual cost of the premium for 8 employees for 2020 will be \$85,000.00*
- 4. Full-time employees hired before January 1, 2019 opting out of the plan will be compensated at a rate of \$500.00 per month.*
- 5. Enrollment period November 15 – December 15 each year.*

Wendy Thorne, Selectman, provided background history that led to the proposed healthcare plan. She is an advocate for the plan, not only for the Town’s current employees, but also in looking to the future. Some employees will be retiring within the next five (5) years and if the Town wants to attract qualified employees, it will need to provide a competitive benefits package.

Many of the Town's current employees have been with the municipality for 15, 20, and 25 years and have dedicated themselves to the Town with no benefits whatsoever. Wendy felt the insurance benefits plan Article was appropriate.

The Article will need to be reviewed on an annual basis as insurance premium rates are predicted to increase as years go by. Now, it looks like three (3) of the eight (8) employees would subscribe to the plan, while the remaining five (5) employees would choose the opt-out version. The Select Board's proposed insurance plan is for an "individual" plan only. An employee would have the choice of choosing a "family" plan, however, the employee would have to absorb that extra cost.

A prolonged discussion followed. Sue noted that if she was "an employer, that she would gladly pay as an employer a 100% contribution, however, as a member of the Budget Committee and because she is representing the taxpayers, she would favor an 85% contribution instead. Very few people today even have a 100% employer contribution plan, while other taxpayers may not even have a health insurance plan at all. Finding that balance was a struggle for her. Paul felt comfortable with the 100% employer contribution. He felt that the Town's employees had gone for years without any health insurance benefit at all and that it was appropriate. He asked for clarification on the opt-out reimbursement plan for those hired after January 1, 2019. Wendy noted that there would **not** be an opt-out provision for employees hired after January 1, 2019. They are looking to phase out the opt-out choice. There may be more changes that may be coming down the road with the Affordable Care Act which may change the entire dynamics of the proposed insurance plan.

She stated that an "option B" Article was also discussed among the Select Board and may come up for discussion again in the future. This option would provide a 100% employer contribution toward the plan for employees hired prior to January 1, 2019, while those hired after January 1, 2019 would receive an employer contribution of 80% instead of 100%. It would additionally require that those employees hired prior to January 1, 2019 who choose the \$500.00 per month compensation opt-out provision would need to provide evidence of Primary Health Insurance coverage. Those employees hired after that January 1, 2019 date would not be eligible for any opt-out provision in the Option B Article.

David wondered about the monthly premium being at \$885.00 and noted that the national average on monthly health insurance premiums was about \$440.00. Wendy replied that premiums in the northeast are higher.

Bill asked which other Towns offer 100% employer contribution that are like Limerick in having the same number of employees 10 or less. Wendy did not know the answer to that. Bill also was wondering if Limerick was the only one offering 100% employer contribution for those working 30 hours per week vs. a 40-hour work week. Wendy replied "no". He also noted that out of the eight (8) employees, two (2) are elected officials. Wendy replied that elected officials can be part of this plan according to the Maine Municipal Association.

Justin wondered if as an "employer" the Town could set the example for other companies by paying the 100% employer contribution. He felt that in the long run, it may be cheaper for the employees to purchase a health insurance plan from within a larger pool of people, as in the proposed plan with the Maine Municipal Association, vs. employees paying for different individual plans on their own.

Wendy noted that the proposed insurance plan's cost will come under the Town's 2020 Annual Budget and not this year's 2019 budget.

Ed confirmed with Wendy that if the Article is presented to voters in November that it would need to include monies to pay to the insurance provider in December 2019 for the first month of coverage of January 2020. He stated that the details, the provisions etc., could be discussed further through the Budget process. Wendy agreed that the potential was there for further discussion. Steve added that the Article should be presented at the November ballot and not during a Special Town Meeting. Wendy answered that that was the intent. However, Steve felt that a vote should be taken by the Budget Committee to reaffirm the voting date. Sue wondered if the Board of Select might consider creating a personnel healthcare benefits package policy for employees with a “step-process” that was based on tenure. A lower step employer contribution amount for new employees, whereas the employer contribution would increase along with tenure.

Gil Harris, Selectmen, provided his opinion noting he had two issues on the revised plan that the Board had voted on last Monday. He felt that the language in the Article should include the words “up to”. This would allow the Selectmen as well as the Budget Committee more flexibility in their final decisions on existing parameters. Otherwise, the current wording pretty much “ties our hands” as it pertains to the Town’s budget. The “up to” wording additionally allows for the plan to be reviewed on an annual basis. The other concern he had was with the opt-out provision. He stated that when the original concept of providing employees with a monthly compensation to assist employees with their medical costs, employees were required to provide medical invoices, statements, insurance premium bills, etc. that were specific to medical costs for re-imburement. Somehow over the years that initial benefit has turned into just a monthly compensation without any requirements. Subsequently, Gil would like to see a “sunset clause” added to the Article, perhaps a two-year sunset clause. He has heard from Town residents who have expressed their disfavor for a \$6,000 per year opt-out for employees where no requirement is attached to the opt-out choice. He believes that the Article may not pass with voters as is currently written and would defeat the purpose of providing a healthcare insurance benefit to all employees. Paul commented that he favored providing “proof of insurance” for those choosing the opt-out provision without having to provide invoices, bills, etc. for re-imburement. He also felt that the opt-out could be provided to new employees as well, but perhaps at a lower opt-out amount as a modified opt-out plan. Discussion continued.

It was agreed that since the proposed health insurance benefit package article will not be voted on by taxpayers until November, that there would be sufficient time between now and the end of August for both groups to discuss some more and refine the wording of the Article, if so decided. Steve stated that it would be important to explain the opt-out provision to the general public, so voters understand the intent of that yearly compensation. Another short discussion took place pertaining to conflict of interest. There are a couple of members of the Select Board that would be benefiting either directly or a member of immediate family would be benefiting from the proposed health insurance benefit Article. Public perception needs to be kept in mind.

Judy LePage spoke about past employee compensation plans that were meant to assist employees with medical costs. It did not work out well for some employees as the yearly compensation had to be reported as income. Subsequently, some employees had to reimburse those funds to the federal government because the yearly compensation had increased their annual income according to the Affordable Care Act. She provided a few scenarios as how the opt-out provision could assist with medical costs in other ways. She also noted that it would be more expensive for the Town if all eight (8) employees decided to subscribe to the insurance plan vs. some taking the opt-out provision.

A question surfaced about Judy's and Laura May's elected positions in the context of whether these two positions should continue to be "elected positions" vs. "appointed positions." Job descriptions for these positions were also discussed. Wendy stated that the Board is currently working on several policies and job descriptions was one of those. It is a slow process.

Ed re-iterated that the Budget Committee would move forward with more discussion on the proposed health insurance benefits plan at the next scheduled meeting.

**4. Discuss proposed \$175K bond for Main Street Sewer and Water**

Ed asked if the Town had received a final total cost for the project. Wendy replied they had not. However more information should be available within the next few weeks. Due to State required time limits for June ballot Articles, the bond Article will not appear on the June ballot as originally planned. It may now need to go before a Special Town Meeting.

**5. Discuss Capital Improvements Funding Process**

Wendy stated that the Select Board had held a meeting on the Capital Improvements Funding Process. Gil Harris has been busy acquiring information for an inventory list on all the Town's assets including all infrastructure. Information will consist of what assets may need repairs / replacement, age of assets, etc. This list will then be reviewed by the entire Board whereas a plan will be established.

**6. June Ballot Articles**

It now looks like the only Article on the June Ballot will be the School Budget referendum question. The Town's Bond Article as well as the Health Insurance Plan Article did not meet the State's required timeline for the June Ballot. They will be on the November Ballot.

**7. Other Business**

Steve asked for an update on the MaineDOT paving schedule for Main Street. Wendy replied that that the Town will be included instead on next year's DOT paving schedule when they will be paving Route 5 South.

Steve noted that bids for paving of Town roads had come in over what the Town voters had approved for the paving budget. When the question was asked to the Road Commissioner about how this would be worked out. The reply was that the required increased amount would be transferred from the Road Repairs account to the Road Paving Account. The concern is that the voters have the final say on budgets and in this case, the voters approved \$170,000 on the Roads / Repairs Article and approved a separate article for Paving at \$220,000. In the end, the voters who are the Legislative body, need to approve any monies transfer from one account to another. Ed will discuss this further with Laura May.

*Paul Donnellan motioned to adjourn, seconded by Steve McLean. Vote taken. All in favor. Motion passed with all in favor.*

**Adjournment:** Meeting adjourned at 8:30 p.m.

**Next Meeting:** June 6, 2019 at 7:00 p.m.

Respectfully Submitted,  
Suzanne McIntyre  
Recording Secretary