



## STAFF REPORT

AGENDA ITEM #: 17-158  
COUNCIL MTG OF: November 21, 2017  
FROM: Dave Caron, Town Administrator  
OFFERED BY: Administration  
PREPARED BY: Susan Hickey, Chief Financial Officer  
SUBJECT: Transfer of Funds for Health Premium Savings

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**INTRODUCTION:** As part of the Council's approval of the collective bargaining agreements (CBA), savings realized from a change in health plans and rate differentials are proposed to be placed in a trust fund to help defray CBA costs in FY 18 and future years.

### TOWN ADMINISTRATOR COMMENTS

The Town Council is encouraged to approve the transfer of the excess funds budgeted in FY 18 which will provide an additional source of revenue to assist with paying FY 19 CBA implementation costs.

### BACKGROUND

In 2016, the Town Council negotiated and ratified collective bargaining agreements with seven units, some of which have been out of contract for several years. In exchange for wage adjustments, employees agreed to a lesser health plan. The savings in the insurance premiums were determined by the Insurance carrier to be greater than the amount budgeted. For FY 18, the Town budgeted an amount deemed sufficient by the Town's health carriers; final rates were lower, thus providing a surplus in the various health insurance line items. Therefore, a recommendation is being made to transfer the savings into the Expendable Trust for CBA implementation, which was created under Resolution #2017-018.

### DISCUSSION

The Council anticipated that the new agreements would cost less over the cost of the status quo, which provided for expensive health plans. In order to transfer these savings into FY 19 to assist with paying FY 19 CBA implementation costs, it is recommended that the Council deposit FY 18 savings into that fund.

### FISCAL IMPACT

The savings in insurance premiums for FY 18 is approximately \$235,000. It is these funds that are being recommended to be transferred to the Expendable Trust Fund to help defray FY 19 CBA costs.

### RECOMMENDED ACTION & MOTION BY COUNCIL

Please see Resolution #2017-080