

STAFF REPORT

AGENDA ITEM #: 17-38
COUNCIL MTG OF: April 18, 2017
FROM: Dave Caron, Town Administrator
OFFERED BY: Administration
PREPARED BY: Dave Caron, Town Administrator
SUBJECT: Establishing Trust Fund for Health Premium Savings

INTRODUCTION: As part of the Council's approval of the collective bargaining agreements, savings realized from a change in health plans are proposed to be placed in a trust fund to help defray CBA costs in FY18.

TOWN ADMINISTRATOR COMMENTS

The Town Council is encouraged to create the trust fund which will provide a source of revenue to assist with paying FY18 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, which saved the Town funds in FY17 over what the FY17 wage adjustments cost.

DISCUSSION

The Council anticipated that the new agreements would cost less over the cost of the status quo, which provided for expensive health plans. Additionally, the Town would avoid the tax on high-cost plans, which is scheduled to be imposed by the Federal Government upon employers beginning in 2020. In order to transfer these savings into FY18 to assist with paying FY18 CBA implementation costs, it is recommended that the Council create a trust fund and deposit FY17 savings into that fund.

FISCAL IMPACT

The Council received a presentation on March 28 detailing these savings, which have been established at \$237,000 in FY17. It is these funds that are being recommended to be transferred to the Expendable Trust Fund for CBA Implementation.

RECOMMENDED ACTION BY COUNCIL

Staff recommends that the Town Council adopt Resolution #2017-018, which would create the Trust Fund.

RECOMMENDED MOTION

I MOVE THAT THE TOWN COUNCIL vote to adopt Resolution #2017-018 as recommended.

TA OFFICE USE -- Vote Required: Simple majority of Councilors present