

STAFF REPORT

AGENDA ITEM #: 18-78
COUNCIL MTG OF: June 19, 2018
FROM: Dave Caron, Town Administrator
OFFERED BY: Administration
PREPARED BY: Susan Hickey, Chief Financial Officer
SUBJECT: Transfer of Funds Winter Maintenance Fund

INTRODUCTION: Health Insurance Premiums budgeted in excess of actual rates is proposed to be transferred to the Winter Maintenance Fund.

TOWN ADMINISTRATOR COMMENTS

The Town Council is encouraged to approve the transfer of the excess funds budgeted in FY 19 which will provide an emergency source of revenue to assist with snow removal activities should the trend of severe winter weather continue into the 2018-2019 season.

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 19, the Town budgeted an amount deemed sufficient by Allegiant, one of the Town's health carriers; final rates were lower, thus providing a surplus in the various DPW health insurance line items. Therefore, a recommendation is being made to transfer the savings into the Winter Maintenance Fund.

DISCUSSION

Historically, the Council has approved the transfer of these excess funds in the Trust for CBA Implementation. However, the severity of the past two winters has depleted the Winter Maintenance Funds, which in turn has significantly hampered finances within the Department of Public Works and has restricted the Department's ability to meet other obligations and programs.

FISCAL IMPACT

The savings in insurance premiums for FY 19 is approximately \$40,168. It is these funds that are being recommended to be transferred to the Winter Maintenance Fund to help defray future snow removal expenses.

RECOMMENDED ACTION & MOTION BY COUNCIL

Please see Resolution #2018-034