

# Report of the Acting Town Manager

November 9, 2015

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## **1. Financial Updates-**

- a. FY15 General Government Budget** – Audit remains nearly complete with a few loose ends. We will have the auditor in for the meeting to discuss the transaction reconciliation issues which were identified during the audit and which will be addressed at the STM in order to complete the necessary reports to the state.
- b. FY16 General Government Budget-** No additional information to report from last meeting. I will discuss the budgetary changes that will be presented to Town Meeting. I have included with my report a spreadsheet which outlines the budgetary changes that will be occurring, both voted and non-voted.
- c. Bond Rating-** We recently went into the market to borrow \$3.6 million for the police station project and various capital. Unfortunately, but of little surprise, we were downgraded by Standard and Poor, moving from AA to A- with a stable outlook. We did make a real push to note the positive changes and developments that are occurring and the credit analysis did note the efforts underway to improve financial management. However, they focused on FY14 performance which is finalized and audited in assessing the Town's finances and apparent management deficiencies. I anticipate that the rating will move upward within a couple years of improved financial performance and fully instituting many of the management initiatives that are underway. I have attached the credit report for your review.
- d. Bond Sale-** The Treasurer will be attending the meeting to finalize the bond sale. In spite of the downgrade by S&P we did do well in getting a rate of 2.47%, which was certainly due in part to these bonds being part of the state's Qualified Bond Program.

## **2. Health Insurance-** Negotiations are completed and we will be moving to the GIC on July 1<sup>st</sup>. There will be substantial savings to the Town and the employees by this move. The final numbers will not be known until we get a BC/BS renewal rate, the FY16 GIC rate increase, and final enrollment numbers by specific plans so that we can see how employees migrated from the BC/BS plans. The employees are entitled to 25% of the Town's first year savings in order to provide some mitigation. It has been agreed to provide this in the form of a one-time payment in September of 2016. The Town's savings in subsequent years remains 100% with the Town. We did also agree in a separate side letter to increase the Town's percentage contribution on the lower cost plans from 60% to 65%. This mitigates the impact of higher deductibles and co-pays and provides incentive for employees to choose the lower cost plans. I have attached a copy of each agreement. I would like to thank the employees and retiree who served on the Public Employees Committee. They were strong on behalf of their members but cooperative in working with us to reach an agreement.

- **Action Requested:** Vote of support is requested but not required.

## **3. Personnel Updates-** None at this time

## **4. Project Updates-** None at this time

## **5. Miscellaneous Updates**

- a. Fiscal Forecast/Financial Policies-** With the FY16 budget being finalized we are moving forward with the completion of a five-year fiscal forecast. Similar to the forecast we are working to review the draft financial policies that were prepared by the Finance Committee based upon research of other policies gathered from a number of other communities. I expect that these will be completed and ready for presentation by the first meeting in December.
- b. Other Policies-** I did file a Community Compact application with the state for assistance in the development of a Personnel System/Policies, and assistance with the preparation of our Five-year Capital Plan. I expect both of these requests will be accepted. In the meantime we are moving forward in both areas but particularly

the capital budget by gathering information on departmental requests for facility improvements and major equipment.

- c. **Community Crime Watch-** In follow-up to citizen requests we are holding a meeting on November 10<sup>th</sup> from 7-8 PM in the Community Room at the WHA on Ipswich Drive. The Police Department will be hosting this meeting. While focused upon the Juniper Street area it is open to the community.