

**Advisory Committee**  
**December 16, 2015**  
**Felix Juliani Meeting Room, Town Hall**

Tom Frisardi called the meeting of the Wellesley Advisory Committee to order at 7:00pm. Those present included Mary Crown, Tom Fitzgibbons, Chad Harris, John Hartnett, Mark Kaplan, Michael Mastrianni, Frank Pinto, Alena Poirier, Sara Raveret, Mason Smith, Ria Stolle, and Kathleen Woodward.

Citizen Speak:

No one wished to speak at this time.

Discussion of Pension, Health Insurance and OPEB budgets for 2017:

Hans Larsen, Executive Director of General Government Services, Sheryl Strother, Finance Director, David Kornwitz, Chairman of the Retirement Board, and Lynn Whynot, the Retirement Administrator, presented an update on the Town's pension funding, health insurance, and OPEB (Other Post Employment Benefits).

**Pension:** The employees of the Town (other than teachers) are in a defined benefit plan where the employees pay 9% of their salary, plus 2% of their salary if it's over \$30,000, with no cap. The current average retirement allowance (excluding disability retirees) is \$23,693 for Wellesley employees; the average retirement allowance (excluding disability retirees) under FICA is \$15,511. The pension plan was fully funded in FY97; the Town made no contributions to the pension plan from FY98 to FY09 (the investment earnings were more than sufficient to cover the Town's contribution). Following the 2008 market decline, the Town resumed making contributions to the plan in FY10. Our current unfunded liability is \$54,972,314. The expected appropriations to fully fund the plan by 2030 (including Enterprise Funds) are \$7.0M for FY15, \$7.2M for FY16, and \$7.5M for FY17; the key assumptions are a 6.75% interest rate, 5-year asset smoothing with 20% corridor (fresh start in 2015), and a 3.5% annual increase in amortization payment. The Town is reducing its investment risk as we re-approach full funding. There will be a phase down of unfunded liability amortization vs. a funding cliff. The pension cost now is 4% of the total Town budget—not an unreasonable burden on the taxpayers. Because the Retirement Board is making conservative assumptions, it is possible the Town will be fully funded before 2030.

**Health Insurance:** The 2015 three-year agreement with all 11 of the Town's unions reset the Town's contribution percentages—the Fallon plans are at 80%, while the other plans are at 71% (subject to further reduction if Fallon enrollment thresholds are not met); refined the HRA; created opt-out incentives; and yielded \$1.8M of budget savings for FY16. The enrollment in the Fallon Plans jumped from 57 in 2015 to 695 in 2016. While no one opted out in 2015, 49 opted out for 2016. The agreement has resulted in even greater savings to the Town than initially projected, so the Town may beat the 5% health insurance assumption in the Town-Wide Financial Plan. The Town is part of the West Suburban Health Group, a joint purchase group--Westwood, Ashland and Walpole have exited; Natick recently signed an agreement similar to Wellesley's; discussions are ongoing in Needham and Wayland (outcome has potential implications to viability of WSHG). The potential deferral of the Affordable Care Act Cadillac Tax to 2020 is a positive development.

**OPEB:** The Town is obligated to subsidize a portion of the health insurance premiums for retirees. The Town's current OPEB unfunded liability is \$78,268,810. The FY16 cost is \$8,136,527. The Town has pushed employees to enroll in Medicare and a Medicare Supplement Plan, which significantly reduces the Town's costs. Once OPEB is fully funded, the Town will "pay as you go" so that when an employee retires, the money is already saved to pay all of the costs. Currently, the Town is continuing to fund \$3M a year above the "pay as you go" cost. Town Meeting and voters approved a debt exclusion in 2007 to pay \$1.8M/year for 10 years (\$1.2M was kept inside the levy). The Town is starting to move the full \$3M inside the levy: FY16 has \$1.8M inside the levy and \$1.2M under the exclusion; FY17 has \$2.4M inside the levy and \$600,000 under the exclusion; and FY18 will have \$3M inside the levy. The June 2014 OPEB valuation showed a reduction in unfunded liability attributable to continued funding progress; per capita health cost

increases lower than previously assumed; eliminated Legacy Plans; and all eligible retirees transitioned to Medicare. The Town is using more conservative assumptions, including reducing its investment risk, as we approach full funding.

Natural Resources Commission (NRC) budget for 2017:

Stephen Murphy, the Chair of the NRC Board, and Brandon Schmitt, the Director of the NRC, addressed the committee.

The NRC has 9 current projects: Open Space and Recreation Plan Implementation, Morses Pond Management Plan, Morses Pond Erosion Study, Comprehensive Pond Management Study, Integrated Pest Management, Trails and Pathways Improvements, Kelly Field Tennis Court Needs Analysis, Rezoning Efforts, and Education Efforts.

The NRC's operating budget request for FY17 is \$361,886, which includes the NRC's personal services (\$200,592), the NRC's expenses (\$21,900), and the Morses Pond Management's FY17 operating budget request (\$139,394). This is a 3.4% decrease from FY16.

The NRC's capital budget request for FY17 is \$77,000; this includes funds for the Tree Planting Program, Hunnewell Field Pavement Maintenance, Trail System Improvements, Encroachment Permanent Boundary Markers, IPM Turf Plan Implementation, Central Park Rehabilitation, and Park Sidewalk Paths and Parking Lot Repairs.

The Morses Pond Management capital budget request for FY17 is \$35,000; this includes funds to address shoreline erosion and deposition problem areas caused by stormwater practices and human impact.

Liaison Reports:

Liaison reports were presented for the Library, Planning Board, Board of Health, Schools, Recreation, BOS, Tolles Parsons, Hardy-Hunnewell-Upham, and the Hunnewell Track and Field.

Old Business/New Business:

Amendments are expected at the next Special Town Meeting to the proposed bylaw changes regarding the budget process. The committee discussed what the Advisory Committee's role would look like with a Town Manager in place. A member expressed an interest in learning about how Advisory's role has changed over time; Tom Frisardi offered to present a brief synopsis of how the Advisory Committee's role has changed at an upcoming meeting.

Approval of Minutes:

Mason Smith made a motion to approve the minutes from November 30, 2015; the motion was seconded and the minutes were approved by a show of hands.

Mary Crown made a motion to approve the minutes from December 2, 2015; the motion was seconded and the minutes were approved by a show of hands.

John Hartnett made a motion to approve the minutes from December 3, 2015; the motion was seconded and the minutes were approved by a show of hands.

Adjourn:

The Advisory Committee will meet at 7:00pm on January 6 in the Juliani Room of Town Hall.

Tom Frisardi adjourned the meeting at 9:40pm with no objections.