

MINUTES

TOWN COUNCIL MEETING

TUESDAY, JULY 10, 2007 at 7:15 PM

RICHARD E. MASTRANGELO CHAMBER

ADMINISTRATION BUILDING

1. **Roll Call:** A regular meeting was called to order at 7:15 pm in the Richard E. Mastrangelo Chamber, Administration Building. Present for the meeting were Councilors Stephen Corbett, Marilyn M. Petitto Devaney, John A Donohue, Angeline B. Kounelis, Jonathan Hecht, John J. Lawn, Jr., Stephen E. Romanelli, Vice President Mark S. Sideris, and Council President Clyde L. Younger. Also present were the Town Manager Michael J. Driscoll, Town Attorney Mark Reich and Winifred Snow, temporary Council Clerk.

2. **Pledge of Allegiance**

3. **Examination of minutes:** June 12, 2007 and June 26, 2007: Tabled.
4. **Public Forum:**
 1. Thomas Thibeaut, Chairman of the Retirement Board and firefighter – Inquired if a letter has been sent out or can be sent out with respect to retirees and any other group not in a union regarding Option 5 and co-pays to explain their benefits or changes in the health insurance plans. He noted that he is still receiving questions from employees and retirees regarding benefits.

5. Public Hearing:

- A. Public Hearing and action on Fiscal Year 2008 Water & Sewer Rates and Charges.

The Town Manager provided a brief background on the Fiscal Year 2008 Water and Sewer Rates and Charges. The Chair recognized Mr. Christopher Woodcock, Woodcock Associates who provided an update from the June 12th presentation regarding MWRA Water and Sewer Assessments. Mr. Woodcock advised the Council to stay with the rates presented at the June 12th Town Council meeting. Mr. Woodcock further stated that there is uncertainty in estimated consumption for Fiscal Year 2008 as well as the actual results of sales in Fiscal Year 2007.

Councilor Romanelli asked what the average bill increase would be. Mr. Woodcock stated that an average homeowner's increase will be 20% or \$136.00 semi-annually. Mr. Romanelli stated that these increase to the taxpayers are not right and that he will be voting no on the proposed rates.

Councilor Corbett stated that it seems to him that the rate is going up for homeowners because consumption is down and asked Mr. Woodcock to elaborate on the rates.

Mr. Woodcock stated that as a function of accounting and services provided, Watertown has compared favorably with respect to the overall cost to homeowners with other towns. Mr. Woodcock stated that the budget and the total amount being spent on water and sewer is the key to water revenues, which are not going up at the same percentage as rates. He noted that it is the rates that are increasing at a higher percentage because consumption is down. However, he advised against consuming more water and stated that conserving will result in the Town buying less water from the MWRA which will result in a benefit to the town in the long run. And though rates may be higher, the overall costs are lower.

The Chair opened up the hearing to the public. There being no comments, the hearing was closed.

Councilor Sideris questioned this reasoning and pointed out the increasing rates due to low consumption.

Councilor Hecht and Kounelis inquired of the impacts of Alternative 3. Mr. Woodcock stated that essentially Alternative 3 lowers the rate for consumers in the 1st tier and charges a much higher rate to the biggest consumers.

Councilor Devaney asked what the final assessments are from the MWRA.

Mr. Woodcock stated that the final assessment from the Town were 4.2 % for water and 4.9% for sewer.

Councilor Devaney stated that the Town could do a better job to offset these costs.

The Manager stated that the 21% increase is related to the reduction of sales on the MWRA side, whereas the town's expenditure budget has only increased 1%.

The Council President stated that what people want to know is how much the town is charging the ratepayers to supply water to them? The Council President also pointed out that it seems that it takes at least 1 ½ years before the MWRA notes the reduction of water usage in a particular community and reflects that in their charges. The other issue, the President noted is that the town is adding other additional charges to the ratepayers to deliver water to those homes. How much additionally are we charging?

Mr. Woodcock noted that the charges are 52% MWRA 48% town (water) – 60% MWRA – 40% town (sewer).

The Manager stated that other factors are personnel costs, supplies in the budget, capital costs and the indirect costs to the debt.

Councilor Sideris stated that with respect to the tiers we are giving the public a double whammy.

Mr. Woodcock stated that you try to pick out the bulk of the residents in the 1st step, which is 95% of the users. While the 3rd step addresses the very high end users. He noted that it is a zero sum gain and that if you change the blocks it doesn't mean you will pay less and that you have to make up the difference from somewhere.

Councilor Corbett noted that stating an average bill is not giving an accurate overall picture of what the reality is and that it is more accurate to state a "typical" bill, than an average bill.

Councilor Kounelis stated that a 7,500 cf tier would be more of an accurate reflection of usage than 6,000 cf tier.

Councilor Hecht stated that he did not think the 6,000 cf tier was unreasonable and noted his concern that the town keep a tiered system that shifts most of the costs to the higher end users and let them pass it on to a broad a population as possible.

Councilor Corbett moved to adopt Mr. Woodcock's recommendation of Alternative 2 for the water and sewer rates for Fiscal Year 2008, seconded by Councilor Donohue for discussion purposes. Councilor Donohue stated that he agrees with Councilor Hecht in the reasoning behind the shift but will be voting no on Alternative 2. Upon a roll call vote the motion was defeated by a roll call vote of 1 for and 8 against with Councilor Corbett voting in the affirmative.

Councilor Hecht moved to adopt Alternative 3 which shifts more of the burden to the high end users, seconded by Councilor Romanelli for discussion purposes.

Councilor Devaney stated that she still maintains that Watertown can be doing better for its residents that she will vote no on this. Upon a roll call vote, the motion was adopted by a vote of 8 for, 1 against with Councilor Devaney voting no.

Councilor Sideris moved to Suspend the Rules in order to take up a late agenda item, seconded by Councilor Romanelli and adopted by voice vote. The Chair recognized the Town Manager who provided a brief overview of an agreement reached between the Town of Watertown and the Department of Public Works Teamsters Local 379. The Manager highlighted the agreement and noted the dollar amount of \$ 169,711 for Fiscal Year 2007, \$192,215 for Fiscal Year 2008. Councilor Sideris moved to transfer the funds, seconded by Councilor Devaney.

Councilor Devaney indicated that she would like to go on record stating that it is her opinion that it was inappropriate for the Town Auditor, an employee of the Town Council to sit in on the negotiations of this contract as requested by the Manager.

The Transfer was adopted by unanimous roll call vote.

6. Committee Reports: none.

7. Informational Presentation from Town Officers and Employees: none.

8. Motions, Orders and Resolutions:

A. Motion to send a letter from the Town Council to the Secretary of Administration and Finance requesting that the construction funds for

safety improvements on Nonantum Road be included in the upcoming transportation bond bill.

Councilor Hecht moved and read a letter in support of the above stated transportation bill, seconded by Councilor Sideris and adopted by voice vote.

B. Resolution authorizing a transfer of \$158,600 from the Fiscal Year 2007 Solid Waste Disposal Account to the Fiscal Year 2007 NESWC/Capital Projects Stabilization Fund Account. The Chair recognized the Manager who provided a brief overview of the transfer. It was noted that the original North East Solid Waste Committee Agreement expired in September of 2005 and the Town has executed a Post 2005 Agreement through Fiscal Year 2010. As a result of both of these actions, a transfer of \$500,000 annually from a NESWC Stabilization Fund began in Fiscal Year 2006 and were expected to continue throughout Fiscal Year 2010. It is further noted that restructuring of the NESWC monies will now allow the annual transfer of \$500,000 to continue through Fiscal Year 2012.

Councilor Sideris moved the transfer, seconded by Councilor Romanelli and adopted by unanimous roll call vote.

C. Resolution authorizing a transfer of \$864,710 from various accounts to establish an Other Post Employment Benefits (OPEB) Stabilization Fund. Councilor Sideris moved the transfer, seconded by Councilor Romanelli. The Chair recognized the Town Manager who provided an overview of the transfer relating to the financial policies section of the policy guidelines regarding post-employment benefits. The Manager noted that this is a first step in the development of a plan to address the Town's other post-employment benefits obligations. The Town Auditor indicated that this includes unfunded pension liability.

Robert McCarthy stated that this transfer of funds is not an unfunded liability that the Town has to meet but more of a reporting mechanism.

The Manager stated that this is a step in the right direction in how we are to deal with the Retirement Board's unfunded liability.

The Chair stated that it is monies that are not being spent at this time, but rather a potential liability.

The transfer was adopted by unanimous roll call vote.

Councilor Hecht spoke in support of sending the matter to committee for further discussion. Councilor Devaney moved to forward the matter to the Committee of the Whole and Finance, seconded by Councilor Kounelis and adopted by voice vote.

D. Resolution authorizing a transfer of \$568,000 from various Fiscal Year 2007 Accounts to the Fiscal Year 2007 Town Council Reserve Account. Councilor Sideris moved transfer, seconded by Councilor Romanelli. The Chair recognized the Town Manager who provided an overview of the transfer indicating that the monies are to be set aside in the Fiscal Year 2007 Town Council Reserve Account for the funding of the four prospective agreements including DPW, Firefighters Association, Police Association and Police Supervisors Association.

The Transfer was adopted by unanimous roll call vote.

E. Motion from the Town Council requesting the Town Manager to provide a Cap Program for In and Out patient services for Early Retirees with contribution rates staying at 90/10.

Councilor Sideris moved to place the matter on the Table, seconded by Councilor Kounelis. The Chair recognized the Town Manager who provided information on the Fiscal Year 2008 Inpatient and Outpatient Cap Program for Early Retirees. The Manager reiterated his budget message that the recommended appropriation for the three group health insurance line items is based on all participants in the Town's health insurance program having the same plan design.

Councilor Devaney spoke in concern of taking up an important agenda item like this and receiving information from the Manager regarding the agenda item, tonight, at the last minute to read and assimilate.

Councilor Devaney asked if this information was sent out to the early retirees.

The Manager stated that a letter will be sent to early retirees outlining the program.

The Chair stated that it would have been helpful if the draft letter was included in this information packet so that the Council would have been apprised of what the retirees were being informed of.

Councilor Devaney stated that it would have been more helpful if we had given the early retirees notice of this meeting so that they could have attended this meeting. Councilor Devaney stated that she would like to hear from the retirees.

Councilor Kounelis stated that she also would have like to have heard from the retirees and indicated that she understood that Option 5 was across the board for all employees but that early retirees do not have substantial cobra adjustments with their benefits and they would actually use the insurance program more than others because of their age.

Councilor Kounelis stated that as indicated in the letter, this is a trial basis, and noted that she would like see this come before the council for review on an annual basis.

Councilor Donohue inquired if the early retirees are staying at 90/10.

The Manager stated that for 2008, they will remain at 90/10.

The Chair recognized Mr. McCarthy who thanked the Council for their previous vote to rescind the Option 5 plan for early retirees which was later amended to have the Manager return with a pool for reimbursements for early retirees to address these unilateral changes made to early retirees health plan without notice to them. He noted that retirees do not come under collective bargaining and that this issue should have handled through the Town's insurance bargaining group that was established. Mr. McCarthy stated that he now understands that the issue has shifted from a pool to a cap program and pointed to co-pay premiums which are 150% increases. He asked, are the reimbursements for co-pays for office visits, emergency room visits, prescriptions, etc.

The Manager stated that in 2008 the plan design will reimburse early retirees for outpatient and inpatient while office visits, emergency room co-pays, prescriptions will be paid by early retirees.

Mr. McCarthy stated that early retirees paying for their office visits, emergency room co-pays, etc has an end result of early retirees basically paying 80/20 and that he will take legal recourse against this on behalf of our early retirees.

Councilor Devaney moved to delay this vote and send it to Whole and Finance with an advanced notice to early retirees of this meeting, seconded by Councilor Sideris who indicated that the Council is not being asked to take action on this tonight.

Councilor Donohue stated that he is concerned about what will happen to the early retiree's pool if no action takes place tonight.

The Chair stated that the Council needs to have something in place for the early retirees, but also want to review the matter for further study regarding the ramifications.

Councilor Devaney stated that it would be irresponsible for the Council to vote on something that they were seeing for the first time tonight without understanding the implications.

The Chair indicated that Councilor Donohue has made an amendment to the motion.

Councilor Kounelis stated that it was unfortunate that the early retirees were not formally advised of what was transpiring, but in all fairness to the taxpayers this has to be looked at realistically. She noted that the Manager was charged with bringing forward a Cap program which he did and stated that the Cap looks fair.

Councilor Hecht concurred with Councilor Kounelis and noted that he is perfectly happy to have further meetings on this issue, but that it is the Town Manager's legal authority to implement a plan which he has done.

Thomas Thibeaut, Chairman of the Retirement Board stated that he agrees with Mr. McCarthy that these increases are a financial hardship for retirees, some of which are on numerous prescriptions. Mr. Thibeaut stated that we have no other options other than Option 5 because of one reason which everyone is aware of.

Harry Palmer, Retired Police Officer regarding clarification on the family plan – Mr. Palmer asked if he and his wife both incurred costs of over \$2,000 would they be covered?

The Manager stated, no – up to \$2,000 but not for each member.

Mr. Palmer stated that he concurs with Mr. McCarthy and Mr. Thibeaut and indicated that he and his wife are on multiple prescriptions, and that is not going to change for them. He noted that his cost of living is less than a dollar a day and that the water rates which have just been increased, wiped out 9 months of his COLA.

Councilor Romanelli asked if the Council decides to change their mind on these co-pays after further study, can the Council go back to the former plan. He noted, why have a meeting if we can't make changes.

Attorney Reich stated a request for a change can be made to the Manager at his discretion.

Councilor Sideris reiterated Attorney Reich's statement that changes can be made after further study of this matter.

The motion to refer the matter to Committee for further study was adopted by voice vote.

9. President's Report – none noted.

10. Communications from the Town Manager

The Manager noted that Bart Mitchell will forward a ground lease to Attorney Reich.

Summer Concerts continue on Thursday evenings.

Curbside waste pickup July 13th

11. Request for Information

The Chair set the Whole and Finance meeting for July 24th. The Manager stated that his office will draft up a notice to be sent to retirees.

Councilor Devaney asked Chief Deveau for total calls and bills incurred for NEMBLEC.

Councilor Devaney asked how long Watertown has been paving Belmont roads and if we are reimbursed for the work from Belmont.

12. Announcements – none noted.

13. Public Forum

Captain William Gildea, Insurance Advisory member and firefighter – stated that it is his understanding that Harvard Pilgrim has four areas subject to the Cap – would a retiree be subject to the 4 areas if they remain with Harvard Pilgrim?

The Manager stated that he will follow up on that question.

14. Executive Session

Councilor Sideris move to adjourn in order to go into executive session for the purpose of discussing strategy with respect to litigation and to discuss leasing, taking, purchasing real property and that the Council will not return to open session following the adjournment of executive session, seconded by Councilor Corbett and adopted by unanimous roll call vote.