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**BUDGET MEETING MINUTES
TOLLAND TOWN COUNCIL
HYBRID MEETING
6th FLOOR COUNCIL CHAMBERS AND ZOOM**

Kathleen Lagan

March 21, 2024 – 7:00 P.M.

Members Present: Katherine Stargardter, Chair; Jacob Marie, Vice Chair; Jennifer Buckler, Chris Moran, Alex Noonan, Joseph Sce, Colleen Yudichak

Members Absent: none

Also Present: Brian Foley, Town Manager; Lisa Hancock, Director, Finance & Records; Mike Wilkinson, Director, Administrative Services; Dr. Walter Willett, Superintendent; John Littell, Fire Chief/Director of Public Safety; Kathy Pagan, Town Clerk; Erin Bartlett, Collector of Revenue; Carl Dojan, Assistant Fire Chief

1. Call to Order: The Chair called the meeting to order at 7:04PM.
2. Public Petitions, Communications, and Public Participation (*Limited to Agenda Items*) (2-minute limit) - none
3. Consideration of the Town Manager's Proposed FY 2024-2025 Budget
Mr. Foley reviewed the presentation for each department noted.
 - a. Finance (Finance Dept, Assessor, Town Clerk)
Mr. Foley reviewed the following:
Town of Tolland Budget, Divisions
 - Finance & Records
 - Accounting Services, Budget \$403,594; Increase \$9,901 (2.51% vs. prior year)
 - Independent Audit, Increase \$6,000
 - Miscellaneous Support Services
 - Budget: \$71,385; increase \$7,320 (11.43% over prior year)
 - IT/Telecommunications
 - Budget: \$200,577; Increase \$2,312 (1.17% vs. prior year)
 - Assessment Services
 - Budget: \$313,966; Increase \$15,706 (5.27% vs prior year)
 - Board of Assessment Appeals
 - Budget: \$600; flat
 - Revenue Services
 - Budget: \$188,357; Increase \$9,358 (5.23% vs. prior year)
 - Town Clerk
 - Budget: \$162,031; Increase \$9,203 (6.02% over prior year)
 - General Government
 - Town Council: Total Budget \$37,548; Increase \$675 (1.8% vs. prior year)
 - Town Manager: Total Budget \$337,467; Increase \$4,656 (vs. prior year)
 - Economic Development Commission: Total Budget \$3,150; Decrease \$851 (
 - HR Administration; Total Budget \$147,169; Increase \$2,402 (1.7%)
 - HR Benefits: \$2,559,
 - Legal Services: Town Attorney; Total Budget \$66,000;
 - Legal Services: Personnel:
 - Probate Services: Total Budget \$18,894; Increase \$3,700
 - Registrar of Voters: Total Budget \$93,035; Increase \$24,680

Discussions/Questions

Accounting Services

Ms. Yudichak referenced page 293, payroll and professional services. Mr. Foley noted that these are negotiated raises and 24/25 raises for union staff. Professional Services is the Munis software.

Mr. Sce asked why overtime has been budgeted at \$3K while they have not spent \$500 over the past few years. Ms. Hancock explained they are cycling toward using it again and she intends to retire. Mr. Foley explained that there may be some overlap and/or need for Ms. Hancock's services. Ms. Hancock noted that the department requested \$5K for possible consulting services as well. Discussions are ongoing.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Ms. Hancock responded that it is.

Independent Audit

Ms. Stargardter confirmed that the town signed a multi-year agreement with CLA, and this is the first year of the commitment.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Ms. Hancock responded that it is.

Miscellaneous Support Services

Mr. Marie asked if this is only for Finance and Records. Ms. Hancock explained that this is for printing, mailing, and copying for the town's paper, ink, and service on printers.

Mr. Sce asked about fuel and oil and requested an actual number for the current year. Mr. Foley explained that this is for staff vehicles (10 in total). Ms. Hancock noted that the vehicles in this budget are as follows: planning office, building inspector, pool car, assessor's vehicle. Mr. Foley will research the increase.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Ms. Hancock responded that it is. Ms. Stargardter requested that if the fuel line changes that Mr. Foley provide an update to the Council.

IT/Telecommunications

Ms. Stargardter asked what this includes and about the communications line. Ms. Hancock responded that it includes the Owl cameras if they need to be replaced as well as the computer replacement cycle. The communications line is the phone system, internet provider (Comcast), website and support services, and CivicPlus. CEN through the state provides the fiber network. In order to access the fiber network, a gateway is needed for the internet and the phone system. Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Ms. Hancock responded that it is.

Assessment Services

Mr. Marie asked about training and development. Ms. Hancock explained that staff need certifications. Due to COVID and staff turnover, staff were not going for training for a time. The department is now fully staffed and is being trained and recertified.

Ms. Yudichak noted that the Council has received e-mails with concerns about property values increasing next year with the assessment and asked if this is true. Ms. Hancock explained that that

revaluation will hit the October 1, 2024, grand list, the FY26 budget. They do not yet know what will happen with property values as the process is just starting. Many factors are involved in determining values.

Ms. Stargardter noted that they came to an agreement on the cost of the revaluation and asked if it is in this part of the budget. Ms. Hancock responded that in a way it is. Each year, they set aside \$10K for revaluation in a separate fund under the CNRE to be used when needed (every 5 years). This is indicated in the line, Transfer Out to CNRE as \$10K.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Ms. Hancock responded that it is.

Board of Assessment Appeals

Ms. Stargardter asked if the budget is sufficient to meet the department program objectives and goals for fiscal year 25. Ms. Hancock responded that it is.

Revenue Services

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Ms. Bartlett responded that it is.

Town Clerk

Ms. Yudichak asked if the increase in overtime is due to it being an election year. Ms. Hancock explained that only wages and professional services increased. Ms. Pagan noted that the grant increase of \$500. The election year is reflected in the Registrars' budget.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Ms. Hancock responded that it is.

b. Public Safety

Town of Tolland Public Safety

- Office of Emergency Management
- Fire Department
- Training Requirements
- Tolland Fire Stations
- Fire Apparatus
- Support Apparatus
- Office of Emergency Management
- Public Safety Officers
- Annual Budget 2024-2025
 - Water Supply Budget \$118,851
 - Ambulance Service Budget \$555,348
 - Animal Control Budget \$69,512
 - Emergency Management Division Budget \$17,120
 - Fire Prevention Division Budget \$87,553
 - Fire Suppression Budget \$724,821
 - Community Emergency Response Team Budget \$4,850
- Public Safety Needs
- Summary

Discussions/Questions

Water Supply

Ms. Yudichak confirmed that the budget was increased from the initial request. Ms. Hancock explained that initially an estimate was used but the final numbers came in from CT Water. Mr. Foley noted that with the potential sale of the Water Company, they will attempt to lock in pricing/savings.

Ms. Stargardter referred to page 259 and asked about the monthly fee for projected increases per CT Water. Chief Littell explained that there are two rate increases that will not be available until January, so the estimates are shown. The values are based on the linear feet throughout the town times the number of hydrants.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Chief Littell responded that it is with the recommended estimates.

Ambulance Services Budget

Mr. Marie asked about the increase in Other Equipment. Chief Littell explained that this is predominantly the O₂ cylinders along with supplies and batteries for the AEDs.

Ms. Yudichak referenced page 264 and asked about Training and Development. Assistant Chief Dojan explained that it is in part for Lexipol online training. The town now has an in-house Emergency Medical Service Instructor (EMSI) who handles the recertifications. Previously, they contracted for this service. Chief Littell noted that Lexipol is split between the fire and ambulance so this line item will also be seen in another spreadsheet. Assistant Chief Dojan added that training for new EMT members is also included. Ms. Yudichak confirmed that they are no longer losing money as they had in the past given the backup ambulance. Chief Littell noted that it has been a great addition to the fleet.

Mr. Marie confirmed that the Ambulance Fund is only for capital expenditures.

Mr. Sce asked when stipends last increased. Mr. Foley noted that it was in 2018 and payroll is different than stipends for volunteers. Payroll increased by 3% (union) and stipends increased 7.4%.

Ms. Buckler asked about the number of volunteers vs. full time employees. Mr. Foley noted that there are 42 volunteer firefighter/EMTs, 9 fire police, 12 town-paid employees, 10 special members, and CERT.

Ms. Stargardter asked about the repair budget. Given that they are expecting a new ambulance and will cycle out the oldest which has had many repairs, if the increase is necessary. Chief Littell explained that the used spare ambulance will need to be maintained. Ms. Stargardter referenced page 266, the Performance Measures. The 2023 actuals are not completed. Ms. Hancock noted that the Councilors should have received a replacement page.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Chief Littell responded that it is.

Ms. Yudichak asked if they are shortest staffed on weekends, when mutual aid is used, and if this is typical for surrounding towns. Chief Littell explained that after the career staff's shifts end, a duty crew is on. Tolland often gets 2nd and 3rd calls, and this is when there is a re-tone for other volunteers. Similar to during the day, if a transport is made to Hartford, it is about a 2-hour call which is similar for

other towns. Mutual aid is used and provided. They work well with surrounding partners, but everyone is facing a similar situation. Ms. Yudichak asked if this is due to having fewer volunteers. Chief Littell explained that they are fortunate to have UCONN students in the program and regularly receive applications. That said, students are lost during the summer. Ms. Yudichak asked if the stipends make volunteering more attractive. Chief Littell believes the study will provide guidance and direction.

Ms. Buckler asked if the town is sufficiently covered during busy times such as on weekends. Chief Littell explained that they cover calls and do the best they can. Emergency Services is a catch-22. They cannot schedule when situations will arise. Assistant Chief Dojan noted that on the county level they have changed the procedure for re-toning. If Tolland's crews are tied up and a call went from a 5-minute to a 3-minute window, a mutual aid ambulance will be started so there is less of a time lapse.

Mr. Moran asked if residents are safe with mutual aid and if the needed coverage can be provided. Chief Littell responded that the town's mutual aid partners are as good, if not better than Tolland. They work hand-in-hand. There is great service in the area.

Mr. Noonan asked if with the cuts, and if the budget is amended, what the Chief would like to see returned. Chief Littell noted that he would take recommendation from staff and his team to Mr. Foley for discussion.

Mr. Sce asked if Tolland is a net beneficiary or contributor to shared services. Mr. Foley explained that historically, Tolland goes out more but over the last year with the ambulance going down they have received more services. Currently, it is a pretty level playing field. Mr. Sce confirmed that from a cost perspective, regardless of where a call is being serviced, the insurance company is being billed. Chief Littell explained that Medicare is a big contributor and the numbers do fluctuate.

Ms. Yudichak asked if they have considered staggering firefighter/EMTs so they are available on the weekends when there may not be volunteers. Chief Littell explained that the goal has always been to cover the 6AM-6PM timeframe and they have looked at spreading it out. The study should provide recommendations and guidance.

Animal Control

Ms. Buckler asked how the number of calls compares with other towns. Chief Littell responded that the average is comparable to other towns. Mr. Foley noted that they staff one person 24 hours/week (weekdays) and another 6 hours/day on Saturday and Sunday. The town has an animal control facility and there are new state mandates. The town has 5 years to have a new facility and is seeking grants. Ms. Buckler asked if they have explored regionalizing animal control. Mr. Foley explained that they have yet it has not been overly successful, but they will continue to do so.

Mr. Marie asked about the Dog Fund and if it still has a balance. Ms. Hancock noted that it still has a balance. Last year, about \$15K was taken from the fund to cut the budget back and they are doing so again this year. Mr. Marie asked about what contributes to the fund. Chief Littell explained that one contribution is when the town is paid to care for animals taken from specific situations.

Ms. Yudichak asked if this is the first year fuel and oil has been requested. Ms. Hancock explained that there was a request last year and the Dog Fund was used. Ms. Yudichak asked about the building not being in the capital plan. Mr. Foley explained that the mandates were released after the capital plan was completed but it will be included in the future.

Ms. Stargardter commented that according to last year's audit, the close for the dog warden was \$182,342. She confirmed that approximately \$8K was moved off the account to the operating budget. Ms. Hancock explained that these expenses had always been there but last year they used some of the dog fund instead. While it appears money was not spent, at the beginning of the year, the items are transferred to the Transfer Out account so the journal entry for the general fund can be made to assign it to the Dog Fund. Many towns have a Dog Fund and special reporting is required. Ms. Hancock explained that repairs, fuel, and oil were requested last year and to reduce the budget, the Dog Fund was used. Ms. Stargardter noted that the \$8K could continue to come from the Dog Fund given its balance. Ms. Hancock noted that repairs for the pound are not budgeted, and they are trying to keep funds in place in case of an emergency. While it is acting as a reserve, it is not identified as a reserve. Ms. Stargardter asked how funds are added to the fund aside from deposits from the operational account. Chief Littell explained that revenue is collected when they house animals, pick up animals, and from donations. For special adoptions, funds are used for the veterinarian bills.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Chief Littell responded that it is.

Emergency Management Division

Ms. Stargardter referenced page 271. She noted that the last sentence of the introduction paragraph is repeated in the first section of the Budget Change Commentary and requested that a single area be selected. She asked about the first bullet on page 273 and believed they have a permanent space for the EOC. Chief Littell explained that the space is the training facility. While used as the EOC when needed, they rent the building, and it takes four hours to set up workstations etc. so a goal is to have a permanent space. It is a target goal. Mr. Foley noted that many towns have dedicated emergency operations centers. If a building and grants became available, it would be something to consider. Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Chief Littell responded that it is.

Fire Prevention Division

Ms. Yudichak asked about the decrease in Communications and Other Services & Fees. Chief Littell explained that many items were reclassified (cell phones, iPads etc.) and Other Services and Fees were moved to Repairs. Savings were realized under Books & Subscriptions since major code changes are not anticipated for this budget cycle.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Chief Littell responded that it is.

Fire Suppression

Mr. Moran asked about Service Contracts. Chief Littell explained that every apparatus goes through a federal DOT inspection, and everything needs to be tested. Additionally, they have two major air compressors. Regulations now require them to be tested four times per year whereas previously they were only tested annually. Additionally, there is a fuel charge for the fire hose assessment company.

Mr. Sce asked if anything was removed from the budget that Chief Littell would like to see returned. Chief Littell responded that prices have increased for equipment and gear, but they do the best they can. In terms of headcount, they will review the consultant's recommendations. They have not been successful being awarded grants due to the town's population and median income. Although they would like to increase the headcount, they manage. Mr. Sce asked about the junior program. Chief Littell explained that they restarted the Explorer Program and expanded it to surrounding towns to get five participants. The program is run through the Boy Scouts of America and in turn, the town does not have liability. A junior program has more stipulations and different requirements.

Ms. Yudichak asked about the SAFER grant. Chief Littell provided an overview. The goal was to have three additional paid staff and extend coverage time but the town was not awarded the grant.

Ms. Stargardter referenced page 278 and noted that the narrative is the same as for Ambulance. She asked if it was intentional. Chief Littell explained that they try to make it similar because it is one department overall. Ms. Stargardter referenced page 280B, first bullet. She asked if this is different from the ambulance fund. Chief Littell explained this is a different ordinance that speaks to not billing residents unless the event is due to something malicious etc.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Chief Littell responded that it is.

Mr. Moran asked if there has ever been a push to increase reimbursement from the state. Chief Littell explained that the fund was just restarted and is only for departments with an interstate running through their system.

CERT

Ms. Buckler asked what led to the decrease. Chief Littell explained that they are up to par with the jackets and there have not been any classes so this line could be reduced. In terms of Communication, nothing major is needed.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Chief Littell responded that it is.

c. General Gov't (Legal, Registrar, Probate)

- Town Council
 - Town Council, Budget \$37,548, Increase \$675 (1.8% vs prior year)
 - Town Manager, Budget \$337,467, Increase \$4,656 (1.4% vs. prior year)
- Economic Development, Budget \$3,150, Decrease \$851 (-21.3% vs. prior year)
- Human Resource Administration/Human Resource Benefits
 - HR Administration, Budget \$147,169, Increase \$2,402 (1.7%)
 - HR Benefits, Budget \$2,559,036, Increase \$200,713 (8.5%)
- Town Wide Insurance, Budget \$2,716, (1.2%)
- Volunteer Firefighter Insurance, Budget \$30,400, no change
- Legal Services
 - Town Attorney, Budget \$66,000, Increase \$15,000 (29.4%)
 - Personnel, Budget \$35,000, no change
- Probate Services, Budget \$18,894, Increase \$3,700
- Registrar of Voters, Budget \$93,035, Increase \$24,680

Discussion/Questions

Town Council

Ms. Yudichak asked if the overall budget is needed. Mr. Foley highlighted the memberships in CRCOG (\$13K), CCM (\$8K), and COST (just over \$1K). Mr. Wilkinson explained that they get bid, including for gas, through CRCOG. The town receives benefits. Ms. Hancock noted that regional grants are also available. All of the memberships are used. CCM also does a lot of research, legislative work, and bidding for the town. It was noted that Advertising is predominantly the publishing of public hearings and training covers if FOIA training is needed etc.

Mr. Moran asked if the dues and membership are a net positive for the town. Mr. Wilkinson responded that they are. They provide benefits.

Ms. Stargardter commented that the legislative services alone from CRCOG, CCM, and COST are a great return on investment. The organizations have a presence, strong voice in Hartford, advocate for towns, and provide grant opportunities. The dues and memberships are well worth the investment and the town needs to be a member. In terms of the paper and printing costs, they will seek to keep them under control.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Mr. Wilkinson responded that it is.

Town Manager

Mr. Sce asked about the actuals and budget for Training and Development. Mr. Foley explained that the training is for Ms. Massa. Many of these programs are through CRCOG and others and training is required in order to apply for certain grants. Mr. Sce asked about Communications. Mr. Foley noted that this is for his cell phone and other items.

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Mr. Foley responded that it is.

Ms. Stargardter noted that on page 145, the top paragraph is stated twice within the paragraph and requested a correction.

Economic Development

Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Mr. Foley responded that it is.

HR Administration

HR Benefits

Town Wide Insurance

Ms. Yudichak asked about the firefighter cancer fees. Mr. Wilkinson explained that it is a state law, and an amount has to be paid per volunteer.

Ms. Stargardter referenced page 152. The top paragraph has repeated sentences, and she would like this to be corrected. She confirmed that the firefighter fee would recur annually.

Ms. Stargardter requested that the information provided a few weeks ago by Mr. Wilkinson regarding insurance be attached to the minutes. [Attached]

Ms. Stargardter noted that in December, a meeting was held with the town and the BOE staff to develop a preliminary budget for health insurance for fiscal year 2025. They discussed the balance of the ECHIP account, projected expenses for the current fiscal year, and the current year's budget. As a result of that conversation, they considered how much to budget for fiscal year 2025. Three options were reviewed. The ECHIP advisor recommended the second option (use of \$370K). Dr. Willett explained that the Board developed the three options. Lockton noted that none of them were bad options. Dr. Willett confirmed that the midrange option was presented to the BOE in the Superintendent's proposed budget. During discussions, the Board chose to use the third option in the BOE budget. Ms. Stargardter asked if this option would underfund ECHIP in the next fiscal year. Dr. Willett responded that it would not, nor would they ever present an option that would do so. Ms. Stargardter asked Mr. Wilkinson about this insurance option. Mr. Wilkinson noted that he supports this option and ECHIP has provided incredible savings for the town estimated to be \$6M without compounding. Ms. Stargardter asked Mr. Wilkinson to confirm that the town would not be able to access ECHIP without the BOE employees. Mr. Wilkinson confirmed this. The town would not have the option given the small number of employees. Ms. Stargardter asked Ms. Hancock to confirm that the town's contribution has been supported by the BOE's contribution over the years. Ms. Hancock noted that it has. Ms. Stargardter confirmed that both town and BOE employees are happy with the ECHIP program. Dr. Willett added that staff also engage in the wellness programs. It has been an amazing success. Ms. Stargardter noted that the health insurance line shows an increase on the town side for next year. Mr. Wilkinson explained that while they have the ECHIP plan, the Teamsters are on a union plan which increased 5%. Additionally, there were some enrollment changes.

For HR Administration, Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Mr. Wilkinson responded that it is.

For HR Benefits, Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Mr. Wilkinson responded that it is.

For Town Wide Insurance, Ms. Stargardter asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Mr. Wilkinson responded that it is.

Ms. Yudichak asked if town employees have different insurance than that of BOE employees. Mr. Wilkinson explained that the BOE has more plans whereas the town only has one. Dr. Willett explained that the BOE has six different bargaining units that negotiate its percentages. CIGNA is the provider, and they have HDHPs.

Legal Services

Ms. Buckler asked why FY23 was so high. Mr. Foley explained that this was in regard to an ethics investigation.

Ms. Stargardter asked about the Bond Attorney. Ms. Stargardter explained that it is part of Other Services & Fees. A fee is paid as part of bond issues and when they prepare for the referendum. Approximately \$4K is for the bond attorney and another \$2K for specialized services that may be needed. Ms. Stargardter asked about legal fees for the Road Salt Task Force. Mr. Wilkson noted that they are included in the \$66K. Ms. Stargardter requested the updated actuals for fiscal year 2024. She confirmed that currently there are two lawsuits against the town and contaminated wells. Mr.

Foley noted that there is a litany of issues with town attorneys at this time including the contaminated wells, sale of the water company, and the sidewalks.

Ms. Stargardt asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Mr. Foley responded that it is.

Legal Services, Town Attorney

Ms. Stargardt asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Mr. Foley responded that he hopes it is.

Legal Services, Personnel

Ms. Stargardt asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Mr. Wilkinson responded that he believes so.

Probate Services

Mr. Sce asked about the copier not being a capital expense item. Ms. Hancock explained that it falls below the minimum. She added that other communities share in the cost. Ms. Stargardt confirmed that what is presented is the total cost and is offset by payments made by Mansfield, Coventry, and Willington.

Ms. Stargardt asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Mr. Foley responded that it is.

Registrar of Voters

Mr. Marie asked if they knew how much early voting would cost the town. Mr. Foley responded that they could get an estimate and every town received funds (\$10K) to assist with paying for staffing. A confidence meeting took place with the Registrars and the Town Clerk.

Mr. Moran asked if the increased cost for early voting is only to cover Saturday. Mr. Foley responded that the bulk of the increase is for the presidential primary, it is not delineated otherwise. Ms. Stargardt explained that most of the early voting is during weekdays but there is one weekend day. Every town has to follow the same procedures.

Ms. Stargardt asked if the budget is sufficient to meet the program objectives and goals for fiscal year 25. Mr. Foley responded that it is.

4. Public Listed Participation (*Limited to Agenda Items*) (3-minute limit) - none

5. Adjournment

Mr. Marie motioned to adjourn the meeting at 9:47PM

Mr. Sce seconded the motion.

No objection to adjournment.

Respectfully submitted,



Lisa Pascuzzi
Town Council Clerk

Town Council Chair

MEMORANDUM

TO: Tolland Town Council

DATE: March 19, 2024

SUBJECT: Tolland and Tolland BOE Health Insurance

Tolland and Tolland BOE Health Insurance 2007 to 2012

In 2007, health insurance for both the Town and BOE were fully insured plan(s) purchased from a health insurance provider. In an effort to reduce annual renewal costs that could reach the high double digits in any given year, over the next several years the following efforts were made: hired a new health insurance consultant that would focus on reducing costs; went out to the marketplace several times and switched providers several times; switched from a traditional point of service (POS) plan to a high deductible plan with a health savings account (HDHP/HSA); started wellness initiatives with employees. Generally over this period, Town employees were not satisfied with the (POS) plan, but satisfaction increased when employees moved to the (HDHP/HSA).

Public Act No. 10-174

In June of 2010, the State of Connecticut passed a law that allowed a municipality or a local or regional board of education to join together with any combination of other municipalities and local or regional boards of education by written for the purpose of providing medical or health care benefits for their employees. Taking up this opportunity, the Tolland Town/BOE joined with multiple other Towns and BOEs to create the Eastern Connecticut Health Insurance Plan (ECHIP). Current members are Tolland/BOE, Plainfield/BOE, Putnam/BOE, Coventry/BOE and EASTCONN. ECHIP is the area's first public-employee health insurance collaborative. Joining with Cigna, ECHIP was officially launched on July 1, 2012. ECHIP enables its members to more effectively control and contain rising employee health insurance costs. ECHIP's goal is to maximize resources resulting in reduced costs for employee health benefits. ECHIP is governed by a Board of Directors. Each ECHIP member has one voting Director on the board. Bylaws were created to provide a framework for operating ECHIP. In the first year, ECHIP saved members up to 7% on employee health insurance costs. ECHIP members realized savings by moving from fully insured plans to being self-funded. Self-funded plans are affordable because the premium based financial model is replaced. A conservative estimate of savings by being self-funded for the Town and BOE over the last ten years is \$6,054,064. The current Chairperson of the ECHIP Board of Directors is Tolland BOE Superintendent Walter Willett.

Below are some bullet points from Tolland BOE Superintendent and ECHIP Chairperson Walter Willett on the benefits of ECHIP and how ECHIP works:

- ECHIP's plan is reviewed each year in early December by the Board of Directors in preparation for member budget meetings – this provides a greater sense of control and

understanding on how the plan ran the previous year and what is projected for the next fiscal year.

- ECHIP works all year to ensure the plan is running properly in all aspects. ECHIP doesn't just prepare for the next renewal, it keeps the collaborative members involved and educated on all aspects of the plan. Meeting monthly as Executive Committee and quarterly as the full board, the membership of ECHIP is fully engaged in the employee benefits plan to ensure this continued success.
- ECHIP is provided with monthly claims reporting for each location and is apprised of any large claimants that may potentially impact the plan so there is a proactive approach.
- ECHIP was created to provide greater controls over the predictability of the plan as well as budgeting for each member. This is possible because of the close monitoring of claims and utilization specific to the group. Having this knowledge provides ECHIP with strong negotiation skills at the table with the carrier as well as the stop loss carriers used to support this self-funded plan.
- The structure of ECHIP allows for the collaborative to review each moving part to ensure the most competitive pricing. Example, ECHIP removed the stop loss from Cigna in 2013 and has gone through third party stop loss providers to ensure the best coverage at competitive pricing. Stop loss is the most significant price point in a self-funded model and by marketing and keeping that product line competitive as well as providing the board with the understanding and knowledge of how the claims that impact our stop loss impact the overall plan.
- ECHIP is also closely monitoring the RX costs as RX, nationally has become a large cost driver to health plans. The concentrated effort on the part of ECHIP's RX knowledge gives an edge at the negotiation table and it also may provide a path forward for ECHIP to move the RX piece to a new Pharmacy Benefit Manager to ensure the best price points for the pharmaceuticals being utilized by the collaborative members.
- The board controls and votes on the stop loss deductible/attachment points to ensure this works for the collective.
- ECHIP members and the Board of Directors own this plan and make decisions collectively on this plan. It is not run by the state.
- There are financial parameters necessary for each member to attain and hold to ensure the plan will always be financially solvent.
- ECHIP members remain in control of their plan designs and union necessities to ensure there is no disruption.
- ECHIP has a proven track record of saving and creating solutions for the past 11 years working together on this common goal of being cost effective for employees, families and their health benefits.
- ECHIP has expanded and collaborated together on a wellness plan focused on educating and supporting its members to keep the plan healthy and the members engaged. The wellness program is run by a committee of members representing the member Towns/BOEs. This group focuses on overall well-being options for all staff, insured with ECHIP or not.
- ECHIP collaborates on an employee assistance program that is being utilized and not just baked into the plan. The EAP program has been widely used and highly credited for its support systems.

How Tolland and Tolland BOE manages the annual Health Insurance Renewal

In December the Town and BOE met with our Health Consultant (Seth LaVigne and Addie Gaines from Lockton Companies) to review their Renewal Strategy for the following fiscal year. Lockton estimates what they believe our rate increases should be based on past and projected claims and other healthcare related trends and factors. For FY25, Lockton estimated initially that a 4.43% rate increase would be required. Part of this meeting also includes a claims and large claims review, a review of changes in market conditions, as well as a review of the Town and BOE reserves levels. As required by ECHIP, a certain level of cash reserves is required to be maintained in the Town/BOE's ECHIP bank account. ECHIP's current bank policy requires each entity to maintain a minimum of 8.5% for incurred but not reported claims (IBNR) in their bank accounts at all times. This policy further requires an additional 8% (Risk Corridor) to be held in each bank account prior to any bank reserve funds being accessed for use. Bank accounts must maintain a minimum of 16.5% of projected claims at renewal before a request can be made to utilize any reserve dollars. For current ECHIP member entities that hold the 16.5% claims reserve in their bank accounts, the claims fluctuation margin (CFC) can now range from 0% - 4%. New members entering ECHIP will be required to use a 4% claims fluctuation margin (CFC) until the required 16.5% claims reserve is reached.

The Town and BOE staff then review the information available and generate options regarding cash funds in the bank account (above and beyond the 16.5% minimum Reserve) that can be used to reduce the projected rate increase as we set our FY25 budget. The Town and BOE staff usually review 2-3 options per year and decide which to use based on our starting rate increase, current bank reserves levels and other factors. In FY25 we considered an option at 1.2%; an option at 0%; and an option at 0% without the BOE contributing \$200,000. Ultimately, \$370,119 was utilized to reduce the rate increase from 4.43% to 0%.

How the Town and BOE use the ECHIP Bank Account

Once our fiscal year budget is set for health insurance, that amount is split 91% for the BOE and 9% for the Town. Those amounts are required to be put into the bank accounts to pay for the claims and other fees associated with ECHIP (which are charged to the bank account). We pay into the ECHIP bank account on a monthly basis; so the total amount is divided by twelve and paid into the account by the Town's Finance Department. Through the years, the ECHIP Executive Committee as well as the full board, the membership of ECHIP look at the reserve balances and decide if any recommendations should be made for use of the reserves. For Tolland/BOE, for example, a portion of the Town/BOE bank reserve has previously been put into a Certificate of Deposit to earn a better return and more recently some of the Town/BOE bank reserve was put into a Money Market since short term interest rates had risen.

ECHIP Bank Account Fund Activity

Attached is a spreadsheet prepared that shows historical Town/BOE Bank Account Fund Activity.

This institution is an AA/Equal Opportunity Employer

Fiscal Year	Beginning Cash	Claims	Fees	Stop loss	Total Exp	Contributions	Refunds & Interest	Total Income	Net Income /(loss)	Ending Cash
Plug starting number										-271,989
Fiscal Year 2012-2013	-271,989	5,183,879	535,332	68,024	5,787,235	6,963,325	73,032	7,036,357	1,249,122	977,133
Fiscal Year 2013-2014	977,133	5,839,113	162,555	324,009	6,325,677	6,252,459	232,417	6,484,876	159,199	1,136,331
Fiscal Year 2014-2015	1,136,331	5,753,341	27,658	461,789	6,242,788	6,245,368	243,361	6,488,729	245,940	1,382,272
Fiscal Year 2015-2016	1,382,272	5,888,295	73,471	632,062	6,593,828	6,516,604	165,853	6,682,456	88,629	1,470,900
Fiscal Year 2016-2017	1,470,900	6,699,347	99,023	595,920	7,394,290	7,394,489	321,173	7,715,662	321,372	1,792,272
Fiscal Year 2017-2018	1,792,272	6,428,324	32,226	622,656	7,083,206	7,369,473	299,863	7,669,335	586,129	2,378,401
Fiscal Year 2018-2019	2,378,401	6,739,328	32,156	685,042	7,456,527	6,544,660	256,685	6,801,345	-655,182	1,723,220
Fiscal Year 2019-2020	1,723,220	6,613,763	35,256	763,829	7,412,847	6,606,520	545,638	7,152,158	-260,689	1,462,531
Fiscal Year 2020-2021	1,462,531	6,710,679	51,382	826,462	7,588,524	7,515,987	977,461	8,493,448	904,924	2,367,455
Fiscal Year 2021-2022	2,367,455	6,804,902	45,561	833,883	7,684,345	6,712,235	847,732	7,559,967	-124,378	2,243,077
Fiscal Year 2022-2023	2,243,077	8,201,766	84,046	843,001	9,128,813	7,561,435	611,323	8,172,758	-956,056	1,287,021
Fiscal Year 2023-2024 as of 1/24	1,287,021	4,161,890	13,934	443,125	4,618,948	4,464,718	422,110	4,886,828	267,881	1,554,902
							CD balance/Money Market balance 1/31/24			1,402,187 920796.27 CD + 454000 MM + 27391.10 Interest
										2,957,089
							Actual Cash balance 1/2024			2,957,089
							Policy for IBNR & Risk Corridor			-1,320,874
							Estimated net Rev/Exp to 6/30/24			130,256
							PROJECTED CASH BALANCE 6/30/24			1,766,470
							Estimated balance after the required reserves			
							Reserved estimated to be used in FY 24-25			-370,119
										1,396,351

16.5% of claims per ECHIP/Lockton
Estimated Feb to June 2024