January 18, 2018

Meeting of the Finance Committee held on Wednesday, January 18, 2018 beginning at 6:15 p.m. in Conference Room #1 in the Town Hall.

Members present: Maureen Downing, Chairman, Heidi Fogg, Richard Moskal, Raymond Yando, Anthony Alves and Beverly Tokarz

Members excused: Eric Gregoire, Joan Cavallo and Susanne Boyea

Ms. Kimberly Collins was also present

First Order of Business: The Pledge of Allegiance

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At this time the committee met with Dr. Todd Gazda, Superintendent of Schools and Chairman of the Chapin Street Core Building Committee, Evan Warner, OPM and Michael Kelliher, member of the School Committee to discuss the overview of the School Building Project so that the committee can make a determination to go forward to the Town Meeting on January 22, 2018.

Dr. Gazda informed the committee of the project and would like to receive input. The project started 3 years ago by filing a Statement of Interest with the MA School Building Authority. They have worked to take a look at all the components that go into a school building, not only educational needs but recognized their fiscal responsibilities to the Town to manage finances appropriately. They took a look at the educational needs of the building. There is significant overcrowding, physical plant issues at Chapin Street and Veterans Park buildings. They worked taking into account how the building is used and incorporate that into a design so that it's used in a modern way. Chapin Street School is 58 years old and Veterans Park is 51 years old. The buildings have exceeded their useful life. They are spending a significant amount of money every year for maintenance issues. Dr. Gazda spoke about the electrical systems of the buildings both old and new designs including the power draw that they are currently facing because of all the electrical devices that are now used in the schools. The want to put in energy efficient systems to minimize maintenance and upkeep costs going forward, which will impact their operating budget. They analyzed ten different options. They considered building on the Veterans Park site, but the land is not feasible. It would create a problem for traffic flow and the land where the school is built is the only usable land on that site, the rest of the land is wetlands. So that made the Veterans Park site not suitable for a school and made the Chapin Street site a better option moving forward. The cost was comparable if the building was gutted so there would not be cost saving there with additional costs for timing and would be a disruption to the educational process. Dr. Gazda explained the drawing of the buildings and where the different classrooms, library, media center, art rooms etc. and administrative offices will be located. There will be two entrances. Projected time line if passed by a ballot question in March is anticipated by 2021-22. Projected fiscal impact for a new school is not to exceed $59,951,421, with $30,000,000 reimbursement from MSBA to the Town. The impact to the tax rate until 2047 is about a $200 increase per year for the average household. Mr. Gazda also explained the cost to the Town in repairing the old buildings which would cost $20 million dollars with no reimbursement from MSBA. The building will be 106,000 sq. feet. Members had some questions re: cost per sq. ft. reimbursement costs, contingency fees, other spaces for offices. Veterans Park will go back to

the Town. One of the things that they have been exploring is demolishing the building at a cost of $500,000 and $200,000 to add fields. They thought of demolishing Veterans Park, turn it into playing fields, upgrade the soccer fields and use the money from the Central Office and building next door, assessed at about $800,000 to offset the cost of doing the work at Veterans Park. A Statement of Interest has been submitted to the State for a new school for the last eight years. The timelines are driven by MSBA. If the school project is not accepted by the Town, the project ends and the school would have to resubmit their request, which the State will not look on the Town as a favorable entity. It could take another ten years for the State to accept the Town again. If the buildings are repaired, the cost would be $20,000 and the modular classrooms would have to stay at Chapin Street School at a yearly expense with more added because there are not 88 complaint restrooms at that school. The modular cost is $15,000 per year.

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At this time the committee met with Jodi Zepke, Ex. Director of the Ludlow Council on Aging and Frederick Lafayette, Chairman of the Senior Center Building Committee. Ms. Zepke also sits on the committee.

Mr. Lafayette asked that the Background Information; Letter from for the Special Town Meeting be read. Ms. Downing read the following information for Article 1.

The Ludlow Senior Center Building Committee has been meeting since December of 2016. We have evaluated the current Ludlow Senior Center and it is our conclusion that the current facility no longer meets the needs of Ludlow's older adults. Furthermore, it is our conclusion that renovating the current facility would not be logistically feasible or fiscally responsible.

The current facility is located in the basement of the Town's former High School, which was constructed in 1910, and is not owned by the Town of Ludlow. The layout of the facility, which features many long corridors and isolated rooms, presents many challenges to clients and is difficult for the limited staff to monitor. Major renovations would not address these problems and are fiscally questionable in a building the Town does not own.

The committee concluded that the Ludlow Senior Center should be relocated to a new facility. Following an extensive review of available buildings owned by the Town, as well as those currently for sale in Ludlow, the Committee concluded that there were no suitable structures and that the Town should construct a new building on a suitable parcel.

The Committee is requesting that the Town approve a $9.8 million appropriation, contingent on a ballot vote for debt exclusion, to acquire land, design and construct an approximately 20,000 square foot facility.

Mr. Lafayette said that in the future there will be more senior citizens. They presented a 30 year expectation on what the cost will be per thousand. In 2021 it is $.29 cents per thousand. If you have a $300,000 home, the additional cost would be $63.00 per year. Ms. Downing said that the school costs to taxes starts around 2021. The Town would be facing a tax increase of $265 combined for the average house which is in the area of $221,476.without the current debt. Ms. Zepke gave an overview on what the committee has accomplished to date. Their meetings, looking at land, toured other new Senior Centers, meetings with the CEO of WestMass, and toured the schools. She explained to the committee on the concerns of the building that they now

occupy. There is a huge growth in the senior population. They are looking at land near HealthSouth but can't do anything until the project is voted on and passed.

If the project moves forward they are looking at a timeline of Thanksgiving 2020. Ms. Downing said that this meeting is very important because the committee will be formulating a letter to bond council regarding the school and Senior Center projects. Ms. Zepke explained the way they searched out property for the project and the possibility of land on the side of Chemi Graphics on State Street that could be used for the Senior Center.

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The members received the summary for the Conflict of Interest Law and signed a form that they received it and it will be turned over to the Town Clerk's Office.

Ms. Downing discussed the preliminary budget discussion for FY'19. The Budget Sub-Committee met with the Board of Selectmen with a proposed budget. After reviewing the budget items, the recommendations are: a 2% increase to Personal Services; a 0% increase to General Increases; The School is going to get a 1.5% increase because of the ratio of personnel to the expenses which is much higher than the rest of the Town. This does not include the new Dispatch Department that will be formulated and also the Multi-Frequency Public Safety Voice Radio Communications and Data Systems. They are looking at Capital Articles for leases, trucks, sander which is around $200,000. They suggested to increase OPEB from $50,000 to $100,000 and a few unpaid bills. They are suggesting that $603,000 be placed in Stabilization and part of that is because of the conversation they had with Standard and Pores and Bond Council. The Town received a good rating but they were very unhappy with how much the Town was using to offset the taxes from Stabilization. Standard and Pores and Bond Council were very concerned and said that if it continues the rating will be down- graded. The Sub-committee is suggesting that all of Free Cash go into Stabilization. Ms. Collins said this would be the first year that the Town will be funding the Budget on our revenue plus what the tax rate should really be. Ms. Collins said that if this takes place they start out with a fifty-two cent increase on the tax rate, just to have the proposed budget. The school will need to take a cut somewhere because their contracts are at 2.5%. Ms. Collins informed the committee that all departments received a memo stating instructions for inputting their budget after the department head meeting. She asked all departments to put together a spreadsheet of all of their positions, salaries, benefits, and come up with a total. Then they will meet with Finance and iron out any differences, changes etc. and then the final budget will be approved by the Board of Selectmen. Ms. Downing said that when they sat with the Board of Selectmen, there was conversation about Stabilization and this year's tax rate and why shouldn't items be cut. Her personal feelings were based on people who provide services for the Town and that they should not have to be penalized for the possibility of two projects. This type of budget should be in place for at least the next 5 years. Ms. Downing's thoughts are if the $600,000 goes into Stabilization and it is applied for the next four years there is 2 million dollars saved, so that is when the projects hit the Town. At that time they could take a million and a half and apply it to the tax rate to offset the projects and set a new base. The Selectmen approved the budget. There should be a savings in health insurance, which is being negotiated. Ms. Collins also informed the committee that the Board of Selectmen increased all of their fees. She requested that all departments review their fee schedules and increase them wherever they can and they should be meaningful. Fee's haven't been changed for years. If there

is any extra money from the State or fees, that will help counteract the items that weren't included in the $.52 increase, such as the dispatch issue and the communications system.

Meetings with departments were discussed. Ms. Downing feels that the meetings should begin on February 7th, 14th, and 28th. March 7th, 14th, and 21st.

Moved by Ms. Fogg, seconded by Mr. Yando to peruse and approve the November 15, 2017 Finance Committee Minutes.
Vote: 6-0 in favor

At this time the committee discussed the Articles on the Warrant for the Special Town Meeting which will be held on January 22, 2018

Article 1: To see if the Town will appropriate a sum of money by borrowing to design and construct and acquire land for a new senior center and to authorize the Treasurer, with the approval of the Selectmen, to issue any bonds or notes that may be necessary for the purpose. Submitted by the Ludlow Senior Center Building Committee

Ms. Downing said that all that the two Articles do is give the authority for them to go to ballot. The price of the Senior Center is 9.8 million dollars.

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Moved by Ms. Fogg, seconded by Mr. Alves to approve Article 1
Vote: 5-0-1 in favor. Mr. Moskal abstained

Article 2: To see if the Town will voted to appropriate, borrow or transfer from available funds, an amount of money to be expended under the direction of the Ludlow School Building Committee to design and construct the new Chapin Street Elementary School, with 630 student capacity, accommodating grades 2-5, at the 13.8 acre site located at 766 Chapin Street, Ludlow, MA., which school facility shall have an anticipated useful life as an educational facility for the instruction of school children of at least 50 years, and for which the Town may be eligible for a school construction grant from the Massachusetts School Building Authority ("MSBA"). The Town acknowledges that the MSBA's grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and any project costs the Town incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the Town. Any grant that the Town may receive from the MSBA for the Project shall not exceed the lesser of (1) Fifty-Eight and thirty-Seven One Hundredths percent (58.37%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA. Submitted by the School Committee. Cost: 60 million dollars

The language was determined by the MSBA and Bond Council. Mr. Moskal has a concern about the new district office building to be included in the package. Ms. Fogg said that positive feedback to support the school administrative offices being moved to Chapin Street is the fact that everything that is wrong with the current building, utilizing the project is opening up Architects and other expensive services to that project that is included with the MSBA program. If the school project is approved and not the administrative offices the school will not only have the expense of building a new building but also the expense of the Architects, perk tests etc. that have been absorbed by the school project. Money has to be spent on the old building. It's valued

at $800,000. It has to be ADA compliant. If the building is sold the money can be used to offset the offices. Mr. Yando said there are two reimbursement percentages going on. There's the one at 58.37% and could go to as much as 61% of approved costs. Average reimbursement with other projects comes in between 50-54%. Mr. Yando said that Mr. Gazda said the cost of the school is 46 million dollars. Is constructing the school 100% reimbursable? The answer is no. There is a cap on the total percentage.

Moved by Mr. Yando, seconded by Ms. Fogg to approve Article 2
Vote: 6-0 in favor

Ms. Downing read a section of the Bond Council letter, it will be put together according to the outline for the Finance Committee. The letter reads in part, last paragraph; As a result of these presentations and deliberation, the committee voted to formulate a report to the Board of Selectmen recommending an approval for both projects that came in front of the Finance Committee for both a new Senior Center and new elementary school. The committee needs to take a vote for the above statement.

Moved by Ms. Fogg, seconded by Mr. Moskal to recommend that as a result of these presentations and deliberation, the Finance Committee voted to formulate a report to the Board of Selectmen recommending an approval for both projects, that came in front of the Finance Committee for both a new Senior Center and new Elementary School.
Vote: 6-0 in favor

The Articles for the May 14, 2018 Annual Town Meeting Warrant has been opened

The next meeting will be held on February 7th starting at 6:15 p.m.

Moved by Mr. Alves, seconded by Ms. Fogg to adjourn the Finance Committee meeting at 8:23 p.m.
Vote: 6-0 in favor

Ludlow Finance Committee

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