March 11, 2020

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TOWN OF LUDLOW

Meeting of the Finance Committee held on Wednesday, March 11, 2020, beginning at 6:30 p.m. in the Selectmen's Conference Room, Town Hall.

Members present: Eric Gregoire, Chairman, Maureen Downing, Joan Cavallo, Nicole Parker, Anthony Alves and Beverly Tokarz

Members excused: Susanne Boyea, Richard Moskal and Raymond Yando

First Order of Business: The Pledge of Allegiance

The Recreation Commission cancelled their visitation at the last minute and will reschedule their meeting.

At this time the committee met with the Hubbard Memorial Library. Patrick McGowan, Director, and Christine Davis, Chair of the Trustees were present.

Mr. McGowan informed the committee that there were no changes in personnel situations. There is a full time Adult Services Librarian position which exists but is not funded. This position if funded would provide engaging in more activities and also provide more support to the Director. In order to offer more consistent outreach to the community in terms of partnership development and engage in higher level tasks, grant writing, development of an oral history program etc. another position is needed. This person would also give backup to the Director if he was absent, with payroll, lending, administrative duties. He addressed his operating budget and went through the figures, the repairs to the elevator, doors etc. The building is 130 years old. There are significant repairs especially the exterior windows and sills. In the activity room the wall plaster is pealing away and also has structural cracks. Those all need to be addressed. That is one of his major responsibilities. He's working with the trustees to submit bids and seek a contractor to use as well as look into legal issues. The total submission of the work from one contractor is $18,500. That would encompass the entire State Aid budget that they have, if they used it. He broke down the quotes for the windows, elevator, doors etc. They have concerns about the maintenance budget. They don't want to decrease it too much because they won't have the funds to pay for the repairs. The biggest financial impact that occurred during the past year would be the repairs. There is a janitorial contract was built in at 5% increase over the prior year's contract. CWMARS increased to $612.00 and there is an itemized breakdown with the comparison of last year's invoices $24,473 vs. $25,085. They did save money going from the network line cost from CWMARS to the Town. Mr. Blanchard has taken up that expense. Mr. Blanchard is credited with their troubleshooting. There is a breakdown of the primary requirements for the Library to be certified and State requirements. There are certain tasks, which is a municipal appropriation requirement based on the last three years times 2.5%. He mentioned all the amounts and steady increases that are vital to meeting the State Aid requirements. There are different compliance levels. They are going for a 100% rate and not any lower. Based on the full compliance for population size would be 15% of their current fiscal year budget $86,957 with the full-time position included. The overall budget is $579,712. Their current material budget is $78,000. He split the difference. He requested an increase of $4,000

which would leave a shortfall of $4,957 in order to meet the 100% requirement for State Aid, which he thought was good if they received a full-time position. It would be adjusted if the full-time position did not happen. Then the calculations would have to be adjusted. It wouldn't affect the materials request but would affect the decrease in the repair budget by $2,000. Without the full-time person, the budget would be $519,321. Ms. Collins said there was an email sent out and the Sub-committee took additional cuts. The departments have an option to take the deduction in a line item where it would be applied to. At that point they would talk to the Finance Committee with new totals. Projection Level 2, $60,392, the amount of the position plus the $5,392 which is the 1% cut. Ms. Davis said they don't have that money. They can't cut staff or the maintenance budget. They had a discussion about the 100% State Aid and what amount is needed for the materials budget. Ms. Davis said that if they had the new position it would raise the materials budget. If they didn't get the position, the materials budget would be lower. There is no play in the budget at all. Mr. Alves asked if there were any other cuts besides the $55,000 for the new position, plus the $5,000 cut. Were there any other increases with other positions. Was there anything taken out. Mr. McGowan said the deductions are separately broken out. Ms. Collins said she would have to look at their budget. The $55,000 would not affect any of the other accounts. The increases in salary are all contractual items. Ms. Downing went over the numbers and reductions. She feels that when they took off the $5,000 plus the new position of $55,000 which equals $60,000, plus, the $2,000 they gave up voluntarily to get the new position; the position aside, they should get the $2,000 back. Even though they have a half a million-dollar budget, they're still a small department. Since they gave something up before they were asked, she feels they should get the $2,000 back. Mr. Alves agrees with that. He did quick math and discussed the 15% off plus all the other deductions. Mr. McGowan said that he would withdraw his request and put back the $2,000 into his budget. Mr. Gregoire said that Mr. McGowan and Ms. Collins should get together to go through the line items and totals to get the maximum amount in State Aid.

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At this time the committee met with Michael Supernant, Director of the Board of Public Works to discuss his budget.

He started off by answering the questions on the memo that was sent to him. He did not receive the email re: Level 2 reduced budget request from the Budget Sub-committee. Changes related to Personnel Budgets: There were two retirements, the part-time mechanic and the heavy equipment operator will not return and the PW-3 heavy equipment operator has resigned. That makes four employees that will not return. There are no positions budgeted in FY'21 that were not funded in FY'20. The Board of Public Works voted to ask that two additional position be added, but based on his conversations with Ms. Collins, he decided to not request the positions at this time. They are critically understaffed. The total staff should be at 23 compared with other communities. The committee should expect requests for help needed to maintain and improve services in the future.

Non-Personnel Related Expenses have increased due to regulatory requirements as well as their efforts to secure State grants for road and bridge construction. The largest increase is the cost of processing recyclables. The BPW is working in cooperation with the Selectmen to expand the "Purple Bag" program to cover the increased cost of trash and recycling. The biggest impact on

the department is the injury to the mechanic which caused unexpected additional cost spending because of sending out work to repair shops. Consulting Engineering Services has also increased due to the initiative to seek grants to pay for road and bridge work. Contracts for processing recyclables and negotiations for the labor contract will cause an increase in the FY'21 budget. The trash and recycling budget will increase $225,215. And personnel services will likely increase by $36,803. Fuel costs are expected to decrease but overall energy cost will remain flat. Fixed expenses are being budgeted with a 2% increase due to inflation.

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The DPW is concerned about the State recently requiring municipalities to comply with all OSHA regulations. They are in full support but is concerned with the cost of suddenly imposing requirements without funding training or personal protective equipment.

Ms. Collins said the way the DPW is set up in MUNIS it's different than the DPW budget. There is a breakdown between all the divisions and then the salaries. Their departments are listed under General and Salaries. Their all together with their departments. His initial request was $3,482,361. The Sub-committee reduced the budget to $3,307.403. The budget that Mr. Supernant brought was $3,356,845, which is a reduction from the first number. He said there was an increase in the Trash and Recycling Budget. Because of negotiations there was an adjustment. Ms. Collins said it's about $112,000. Mr. Supernant said originally, he had contract proposals from the trash and there was a cut in cost of over $100,000. That money came out of General Expenses of $225,215 from the original Level 1 budget figures. They will have to go to Duel Stream Recycling and introduce the Purple Bag Program. He explained that in order to save money it was decided by the BPW and Selectmen that the Town should go to Duel Stream Recycling. The financial reason for doing it will save $95,000 per year. In order to cover the increased costs their expanding the Purple Bag Program. All trash after July 1st will have to be in purple bags. If people can't fill a 33-35-gallon bag in one week, they will also have 14-gallon bags like a kitchen trash bag for a reduced price. The price for the bags would be about $50 per year. With a larger family who use more bags the price would double. They have to cover the cost for recycling. The tax rate can't support the increase of the trash and recycling. Duel Stream is separating the cans and bottles and cardboard and paper products.

Personnel – There are no new positions. The Board did ask to put it in the budget, but financial constraints allowed us not to increase the personnel. They are starting to fill 4 positions. It is not factored in. They will start at the lowest step. He doesn't think it will be a huge amount of money. He will enter those items into the budget. The intern position is badly needed. The hourly rate is $16.98. The amount would be $17,178. It is included in the budget. The position has not been filled. It's been advertised. It's a part-time position MS4 requirements with engineering duties. There are only 5 summer help employees, instead of 6 because of the increase in minimum wage. Ms. Parker had a question about the temporary employees, with no benefits. Mr. Supernant said they are at the transfer station. They work for 6 months or less than 20 hours per week. The DPW temp. is doing the MS4 requirements and other engineering related jobs. Streets and highways are summer help. They have 5 temporary employees. Cut one position because of minimum wage increasing.

General Expenses – Last year's Maintenance budget was $176,900 and this year he requested $180,000. The increase was due to vehicle repair and maintenance. He didn't increase, energy supplies, gas and diesel. He could decrease gas and diesel. The price went down. There is one

mechanic. The Selectmen said they could have another mechanic; heavy equipment operator. They have to send out the repairs for the past few years because there was no second mechanic. He would also operate equipment when not repairing. Ms. Downing said that on the committee's sheets, in 2019, she is concerned that its going up to $85,000 when the past years the highest amount was in the $60,000. When he did the budget, there was no mechanic so the repairs had to be sent out. Ms. Collins said that there are many divisions in the DPW. The previous Director wanted to see where specifically the monies were directed to and moves were made. He left and she hasn't been able to see how these divisions will look going forward. He will look at that line item with the Town Accountant. The original request was at $3,482,361. The budget Sub-committee cut $55,000 which was the estimated savings from the duel stream. It was reduced again by $119,958 for a total of $174,958. Mr. Supernant already reduced his budget by $112,000 so he needs to cut $49,442 to bring his final budget to $3,307,403. Ms. Parker had questions re: Purchase of Services in the actuals in the DPW and Fleet Division. Mr. Supernant will look at the figures. Mr. Gregoire said one of the biggest items is roadwork at $190,000. Looking at the actuals over the years, there is an increase, there is a need for it, but will they need all those funds? Mr. Supernant said they received 25% in Chapter 90 funds. To keep the roads up to acceptable level of pavement quality, would cost more money; they have slower deteriorated pavement quality because Chapter 90 is not enough. He's hopeful that the legislature will increase the funds which will help out the Town. They've done over $600,000 in Chapter 90 work. They have some unspent Chapter 90 money. He would like to update sidewalk and pavement plans on Fuller Street from West Ave. past the Chapin Street School and along Chapin Street to Holyoke Street. It's a 6-7-million-dollar project. They don't have enough money for that. He would like to update the Pavement Management Plan. They don't have an updated sidewalk plan, but it would be part of the Management Plan. They contract out for sidewalks. Mr. Alves asked about the Conference and Travel under the DPW Administration. The request is up from $2,500 to $6,000. Mr. Supernant said that the Operating Engineers have a training facility in Southwick. It would cost $3,600 or $3,700 for employees to go to the facility for OSHA and heavy equipment training, etc. He wants them to get OSHA certificates and one in particular for Heavy Equipment Operations for emergency preparedness. For every hour that the employee works they pay ten cents to be in the program. The same program for construction workers is one dollar per hour.

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Snow and Ice - The budget is $240,000. It has not been increased. If possible, he would decrease it to $200,000. Ms. Collins said that they can't do that.

Sewer Enterprise Fund – Mr. Supernant said their facing increases with the City of Springfield. Their doing work putting in a new pumping station at the Waste Water Treatment Plant. There is a slight decrease in overall expenses. The increase of $40,000 is for Medical and Health Insurance and Retirement Contributions which are direct expenses. There is $5,000 for Property Liability increases. Ms. Collins said this past year Golf had asked to review the indoor cost. She reviewed them for Sewer and Golf. Those items will be charged by the Treasurer's Office which reduced the Indirect Costs by $30,000. They were not budgeted for it. The Long-Term Debt seems off by $20,000 in principal. She thinks it's missing one project, but Ms. Collins will give him the totals. The Auditor's said that there was one project that was not figured in. The rates increased to generate enough revenue to fund this part of the budget.

Mr. Supernant will correct the Long- Term Debt and Interest account. The budget has to be reduced by $49,442.

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There was discussion on how the budget sheets and department budgets are not in sync. The sheets don't add up. The original request and what the committee is looking at are different numbers. Mr. Gregoire said in the detail the original requests are stated and the last reduction is in one line. The departments have not taken their last round of deductions in their budget line items. Mr. Collins said the committee received a Historical Report and a Levels Report. Ms. Downing discussed the round of cuts from the Sub-committee. The first round of cuts was 3 million dollars over the levy. The Free Cash sheet shows the levels, and what the Sub-committee reduced the department budgets by. If the departments failed to receive the email that Ms. Collins sent out, the departments didn't cut their budgets according to the last round of cuts that were made by the Sub-committee. Ms. Collins will send out another email to the departments to straighten out the problem.

Next meeting will be a Regular Meeting with Lt. Brennan scheduled to discuss a Reserve Fund Transfer request and then the Budget Meeting. The School Committee is scheduled.

Moved by Ms. Downing, seconded by Mr. Alves to adjourn the Finance Committee Meeting at 8:30 p.m.
Vote: 6-0 in favor

Eric A. Gagnon

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Ludlow Finance Committee