April 26, 2021

Budget Meeting of the Finance Committee held on Monday, April 26, 2021 beginning at 6:00 p.m. in the Selectmen's Conference Room, Town Hall and Conference Call.

Members present in person: Eric Gregoire, Chairman, Anthony Alves, Susanne Boyca, Maureen Downing, Joan Cavallo, Richard Moskal and Beverly Tokarz

Members on conference line: Nicole Parker

Members excused: Christopher Ganhao

First Order of Business: The Pledge of Allegiance

The departments to be reviewed are Human Resources, Information Technology, Police Department, DPW, Recreation Commission and School Department.

Human Resources: $149,639 budget. This includes a part-time employee moving to full-time.

Mr. Gregoire personally feels that he is very hesitant to approve the areas where positions are being moved to full-time or a reclassification change or grading new positions. In his mind the areas are not justified at this time due to budget constraints. He doesn't deny that there are needs in departments, but there are a few areas that he has concerns with. We are still in the pandemic year with impacts in terms of fixed costs having grown. Fringe Benefits are not growing at the same base it has as in the prior few years. Adding fixed costs in this kind of year is a problem for him. There is an equity issue from other department perspectives, when talking about position changes etc. that there hasn't been an equal opportunity for all departments to offer. There is a proposal for a Classification Study to evaluate compensation and positions that hasn't occurred because of COVID. He feels that there would be a disservice by continuing to make changes without the market-based information from the study. Mr. Alves agrees with Mr. Gregoire on all the points mentioned especially the equity questions throughout the departments and how things played out. He also agrees about the Classification Study. The needs assessment is not a good gauge based on the past year and what went on with COVID. Ms. Downing agrees with everything said. In addition, it is a timing issue because there was no cutoff date. Communication is an issue with the departments. If new positions and new classifications were being accepted there should have been a cut-off date so that the Selectmen would have an idea how the increases financially affected the Town, which was not done. Positions were added, it seemed, every week in departments and the Selectmen approved them. She feels that Finance had no say in the matter. Mr. Gregoire agrees and that the Selectmen concentrated on the Levy. When Ms. Downing watched a Selectmen's meeting there was a comment stating that their main goal was to reduce the taxes. That was the first time that she heard that statement as a Finance Committee member and as a set goal for the budget, that's where the lack of communication comes in. If those decision were already made, the committee didn't have to meet with departments, the committee could have met with the accountant and ask questions if necessary. It would have been easier for the committee and departments, who really didn't understand their budget. Ms. Boyea stated that it puzzles her about the departments who have been preparing their budgets for many years. How could the departments not know their budget, if they prepared it? Did they not prepare their budgets? How can you lower taxes then approve the new positions etc. What were

departments told in regards to preparing their budgets. What were their parameters. Communication is a large part of the problem this year and how information and decisions were made outside of that. Mr. Gregoire explained more about the process, how it worked and how the changes affect the departments etc. Ms. Downing stated that the committee needs to go forward and make whatever recommendations to make it right for the Town. There are goals to make communication better if that's what the management want. They may want to handle the budget themselves in which case the committee needs to know that and then just review the budgets at the end and not sit with departments. The committee always worked being proactive, looking not just at one year, but what will be happening in the next 1-3 years. This year was a reactive decision-making process, looking only at one year. If that's how the Town wants to go forward, it's their decision. The committee needs to know that, so that our parameters are adjusted. The discussion continued on how the process changed and what course of action the Selectmen want the committee to undertake.

Human Resources: There is an 18 hours position that was brought up to 35 hours. The Finance Committee feels that there should not be an increase and their recommendation is to reduce the amount by $19,602 from the Level 2 budget, keeping it consistent with services; $8,077 would be the reduction to the Level 2 budget. Total position requested would be $32,269.

Moved by Ms. Downing, seconded by Mr. Moskal to approve Human Resources budget at $149,639.

Ms. Parker said the Selectmen approved the budget but she didn't hear the fringe benefits details about the position and everything that was involved. She feels Human Resources is a big enough department that should have an assistant. She doesn't disagree with that. The problem is how late in the process that decisions have been made without digesting and understanding what the position entails. She agrees with what everyone is stating.

Mr. Gregoire is opposed. There are areas where we disagree to take our recommendations. He went on to explain the situation. Ms. Downing made the motion to get it on the table. It doesn't mean that she's going to vote affirmatively. Mr. Gregoire asked Ms. Collins about the difference of $19,602 for the position. He wanted to know if that figure includes vacation and other compensation or is it just for the base salary. Ms. Collins stated that the total increase was $29,821. Combined within that is the contractual step increase for the director as well as the increase going from part-time to full-time. The breakdown was $19,000 for the part-time position and the remainder of it was for the step increase for the director. Fringe Benefits (health insurance, life insurance) are never included in the budget. Ms. Boyea wanted to know if departments were given directives to not add new positions at the beginning of the process? Ms. Collins said for Level 1 people were instructed not to add new positions into their Level 1 request. They were told that if they had anything above and beyond that, they needed to request it prior to meeting with Finance. Mr. Gregoire said that the committee's recommendation would be drafted in an amendment on Town Meeting floor if the committee does not agree with the budget number. He will discuss this with the Selectmen at their meeting on the 4th and make them aware of our decisions. They have the option to join with the amendment if they agree with the change and if not, the amendment would stand with the committee. Mr. Alves urges anyone that if a person feels that they don't have enough information, don't improve the increase.

On the Motion to approve Human Resources at $149,639.

Mr. Alves, no; Ms. Boyea, no, Ms. Cavallo, no; Ms. Downing, no; Mr. Moskal, no; Ms. Parker, yes; Ms. Tokarz, no; Mr. Gregoire, no. Vote: 1-7. Motion fails

The motion would be to reduce the budget by $19,602 which is $130,037 for the Human Resources budget.

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Moved by Ms. Downing, seconded by Mr. Alves to approve the Human Resources budget without the extra increase in help at $130,037

Mr. Alves, yes; Ms. Boyea, yes; Ms. Cavallo, yes; Ms. Downing, yes; Mr. Moskal, yes; Ms. Parker, yes; Ms. Tokarz, yes; Mr. Gregoire, yes. Vote: 8-0 in favor

Information Technology: The Level 2 budget is at $482,264.

Ms. Downing stated that in the description the monies are for a security change and classification change for the Director which is $2,941. The Board of Selectmen took action to adjust his classification and compensation. Ms. Collins said that the IT Director was on Level 4 and is now moved up to a Level 5. This is moving him from the last step of the Level 3 Step to the third step of the Level 5 Step. It's the same Step Classification as the H.R. Director when she was reclassified. The remainder of the increase is $12,000 for MUNIS support and security. The other $68,374 is for Payroll and Outsource Co. Ms. Downing asked if the money is to set up the system? Ms. Collins said part of the money would be setting it up and annual cost going forward. The Treasurers Office processes the payroll and each individual department has to prepare their spreadsheets. They send over three different schedules. The accountant's office reviews the school and Town's payroll. Ms. Downing asked, why would, except for the startup and fees to the system, the remainder of the money be put in the departments where the payroll is normally generated. Ms. Collins said that the whole point of the system is that it's going to be an outsource company, outside of MUNIS. Ms. Downing asked, why should IT absorb that cost? She can see them absorbing the technical costs to set it up and the additional yearly costs. The other departments are going to be released from some of their people handling the payroll. She asked why wouldn't the rest of that money come out of their department. She feels it's a burden on IT to have that money come out of that department. Ms. Collins said it didn't matter where it's being paid out of. Their paying for a whole software system which makes sense to be paid out of IT. Mr. Gregoire said it's a $65,000 cost annually because it's a software system. Mr. Moskal asked about a proposal of this type of software last year and he wanted to know about an ROI on the process. Ms. Collins said it was not included in last years budget. There was talk about trying to move forward with this type of process within MUNIS and that was never approved in the past. Mr. Alves asked what are the saving going with this system and in terms of the classification change, he doesn't feel it's the right time to do this. Ms. Downing said that there is an IT Director with a small staff. Because of the system hack, he's been thrown with a new security system and a huge payroll system. The change in his salary is .07%. Not even 1% from last year. If there wasn't added responsibilities given to his department, she would agree not to increase his salary, but he's dealing with two major issues that he has to take over. Mr. Alves asked it that sets a president with other departments asking for an increase. Ms. Collins said it's an outside payroll service. He would require to make sure that the system is compatible with the

Town's systems, but it's not a system that he has to manage on a regular basis. If the Director didn't get the increase, he would get the 2% increase and no Steps because he's maxed out in that level.

Mr. Moskal referred back to last years budget and this proposal. Mr. Gregoire stated that last year there was a conversation and this payroll project was presented to the committee. It was not approved in that budget.

Moved by Ms. Downing, seconded by Ms. Cavallo to approve the IT Director's Level 2 budget in the amount of $482,254.

Mr. Alves, no; Ms. Boyea, yes; Ms. Cavallo, yes; Ms. Downing, yes; Mr. Moskal, abstain; Ms. Parker, yes; Ms. Tokarz, yes; Mr. Gregoire, no. Vote: 5-2-1 in favor. Mr. Moskal abstained.

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Police Department: Level 2 budget is $4,016,182.

The increase is adding a new sergeant's position in that department. The increase is $107,919. This was funded at a patrolman position, but not funded at the sergeant's rate. It's not being included in the figure. Mr. Gregoire feels that this is not the year to be adding a level at this rate. The appropriate thing to do in this area is to fill what he budgeted for the patrolman position to what would be budgeted at a sergeant's position so that all of his positions are whole in terms of their salary and he would not be in favor of additional sergeants' positions. At the patrolman position, the Chief budgeted $57,042, the sergeant's position would be $79,821. The salary difference is $22,779. The budget number without the sergeant's position, but would include the difference of $22,779 would be $3,931,042.

Moved by Ms. Downing, seconded by Ms. Boyea to approve the police departments adjusted budget at $3,931,042, taking out the full sergeant's position and leaving in the patrolman position.

Mr. Alves, yes; Ms. Boyea, yes; Ms. Cavallo, yes; Ms. Downing, yes; Mr. Moskal, yes; Ms. Parker, abstain; Ms. Tokarz, yes; Mr. Gregoire, yes. Vote: 7-0-1 in favor. Ms. Parker abstained

Department of Public Works: Level 2 budget is $3,444,402.

The increases total $131,740 which included $36,740 to restore their line items that they reduced in order to fund a PW-1 position. They cut operating lines for other items to fund that position. The other item included in the $131,740 is for storm water work.

Mr. Alves stated that the new amount replaces the PW-3 that were not filled last year (2) and because they made cuts to some of their line items, they were able to absorb one of the PW-2 positions. Mr. Gregoire said there was a request for forestry overtime which was included in the Level 1 budget with an increase from $2,000 to $10,000. The average increase in overtime for the last four years was $4,500. It never got to the $10,000 point. The other argument was the storm water issue and why they couldn't take it over. Now their looking to get four new positions in one fiscal year. He went on to explain his other areas or disagreement and he doesn't feel the new hiring should be taking place. Ms. Collins said in speaking with the DPW, the one thing that they mentioned is that based on the requirements of the MS-4 they wouldn't be able to do that

much storm water work in the coming year, whether they had the staff or not. They did a lot of work previously but with the new requirements, they can't. Mr. Gregoire still argued the amount requested stating that they could ask for the $45,000. Mr. Gregoire would like to reduce their Level 2 budget by $50,000, $5,000 to reduce their overtime in forestry and $45,000 for the MS-4. They would continue to get the $45,000 in their Level 2 budget. Reductions would be $81,740 which would give them $36,000 for positions and $45,000 for the MS-4. The new budget number would be $3,394,402.

Moved by Ms. Downing, seconded by Mr. Moskal to approve the DPW Level 2 adjusted budget in the amount of $3,394,402.

Mr. Alves, yes; Ms. Boyea, yes; Ms. Cavallo, yes; Ms. Downing, yes; Mr. Moskal, yes; Ms. Parker, abstain, Ms. Tokarz, yes; Mr. Gregoire, yes. Vote: 7-0-1 in favor. Ms. Parker abstained.

Recreation Commission: Level 2 budget is $421,019.

Mr. Gregoire stated that Ms. Gates sent a sheet outlining the school and campers' councilors, listing the times and weeks. for FY'22. There has been a 12 ½% increase in salaries over the past 2 years amounting to $40,000. Mr. Gregoire explained the councilor positions at $136,650 (33 councilors by 40 hrs. minimum wage of $13,50 x 7 ½ weeks). Ms. Downing stated that the committee usually agreed to 27, 28 councilors. Ms. Collins reduced the number of councilors to 30. Ms. Collins based her cut on the overall budget, she didn't go by line items. She calculated out what it would be for 30 councilors at a minimum wage increase for a two-year period and came out with a total reduced budget at $26,091. Ms. Gates said that they will not be able to operate or open the pond this year. They were not able to hire enough lifeguards. Altogether the operation of the pond is $59,063 in FY'22. Taking $9,438 out of the calculation for the pond, would leave $49,625 that would not be needed for the pond operations. Ms. Downing wants to reduce the councilors to 28. Mr. Gregoire calculated 28 councilors at 40 hrs. at $13.50 per hour for 7 ½ weeks is $133,400. Last year they were budgeted at $95,225. From $133,650 minus $20,250. Total reduction Level 2 $23,534 for the pond and $20,250 for the camp totaling $43,784 reduction in the Level 2 budget. Total, $377,235.

Moved by Ms. Downing, seconded by Ms. Boyea to approve the Recreation Commission's Level 2 budget at $377,235.

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Mr. Alves, no; Ms. Boyea, yes; Ms. Cavallo, yes; Ms. Downing, yes; Mr. Moskal, yes; Ms. Parker, abstain; Ms. Tokarz, yes; Mr. Gregoire, yes. Vote: 6-1-1 in favor. Ms. Parker abstained.

School Department: Level 2 budget of $33,976,203.

Mr. Gregoire stated that the Superintendent sent responses to Mr. Gregoire that he requested regarding his budget. Ms. Downing thanked Mr. Gazda for the information he presented. In the original annual operational savings because of the new school, is $827,000 average. Once the school comes on line, some of those savings would be seen enough to cover the $242,000 reduction that he would need next year that would be covered by COVID money. Mr. Gregoire's concern is that 2022 request column of $375,376 is already at level service contractual which he would be addressing with federal stimulus. That with the $242,000 reduction is over a half million dollar cut. He feels it's a big gap on operating costs. They do have the federal aid, but he

is concerned about creating to much of a gap on operating costs and whether they can absorb it. Ms. Downing agrees with his concerns, but since we are at a year where the concern is getting the taxes down and there is the availability of the COVID money, they should take advantage of it. She's trying to go with the flow and save money this year, because she believes that next year will be an issue. It's not how the committee does business, but this year is a totally different format and thinking. If the thinking is to get the taxes down as much as possible and utilize as much money as they can, then utilize it. Mr. Gregoire said if there wasn't the federal money, we would be looking at over $400,000 cuts because it would be affordable with the Levy. Ms. Downing said this whole process goes against how the committee normally precedes and our normal guidelines and thought process and how to go forward. The $242,000 is 7/10th of their overall budget. They should be able to find 7/10th of a percent in a $33 plus million-dollar budget. There is still the stimulus money. Mr. Alves said that looking at Level 1, the Level 2 increase is a big number. If it's so stringent across the board, especially with small departments, the $241,000 is high. He understands both concerns, is that an annual savings their trying to get and how is that going to be realized? If Ms. Downing made a motion, she would take out the $241,997 sticking with the Level 1 motion. Mr. Gregoire would maintain the motion at the Level 2 budget siting concerns. In changing the prior budget department numbers, the savings is $113,400, from the Level 2 budget in three departments. Mr. Alves would be in favor of reducing the $242,000 to $125,000 or $150,000, which is just under 2 ½%, for him. The school can move money around, that is never seen, and they never come back during the year for any money. They have contractual obligations, but she feels that the amount being reduced is not even 1%.

Moved by Ms. Boyea, seconded by Ms. Cavallo to approve the school budget at $33,976,203.

Mr. Alves, no; Ms. Boyea, yes; Ms. Cavallo, yes, Ms. Downing, no; Mr. Moskal, yes; Ms. Parker, abstain, Ms. Tokarz, no; Mr. Gregoire, yes. Vote: 4-3-1 in favor. Ms. Parker abstained.

There will be a meeting on Wednesday. Scheduled meetings will be with the Town Administrator and Board of Public Works to discuss their Articles. There is a Planning Article for a Zone Change. The Planner provided explanation of that Article.

Ms. Collins explained the changes made to a sheet that was circulated. She highlighted in green the approved changes made by the Finance Committee at a prior meeting. Other than that, there were no changes to the calculations.

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Moved by Ms. Downing, seconded by Ms. Boyea to adjourn the Finance Committee meeting at 8:10 p.m.

Mr. Alves, yes; Ms. Boyea, yes; Ms. Cavallo, yes; Ms. Downing, yes; Ms. Parker, yes; Mr. Moskal, yes; Ms. Tokarz, yes; Mr. Gregoire. Vote: 8-0 in favor

Joan C. Cavallo

Suzanne Boyea

---------- Ludlow Finance Committee ----------