November 17, 2021

RECEIVED
TOWN CLERK'S OFFICE
2022 FEB -8 P 12:22
TOWN OF LUDLOW

Meeting of the Finance Committee held on Wednesday, November 17, 2021 beginning at 6:00 p.m. in the Selectmen's Conference Room, Town Hall.

Members present: Anthony Alves, Acting Chairman, Maureen Downing, Susanne Boyea, Joan Cavallo, Richard Moskal and Beverly Tokarz.

Members excused: Nicole Parker and Christopher Ganhao

Kimberly Collins also attended the meeting.

First Order of Business: The Pledge of Allegiance

Mr. Alves read a memo from the Board of Selectmen's Office, Ellie Villano, Town Administrator regarding the Tax Classification Hearing. The Board of Selectmen will conduct a hearing on November 23, 2021 at 5:30 p.m. in the Selectmen's Conference Room, Town Hall, 488 Chapin Street, Ludlow, MA. The hearing has been scheduled for public questions and/or comments regarding the proposed adoption of percentages of the local tax levy to be borne by each class of real and personal property for the taxable year ending June 30, 2022. You or a representative is invited to attend this hearing for any input you may have relative to this issue.

Moved by Ms. Downing, seconded by Ms. Cavallo to approve and sign the Finance Committee Minutes of October 20, 2021
Vote: 6-0 in favor

At this time the committee re-organized. With Mr. Gregoire's resignation at last months meeting, the committee will reorganize and call for nominations and vote on a Chairman and Vice Chairman. Mr. Alves stated that someone needs to be designated to act as Chair for those proceedings. He spoke with Ms. Downing as she would conduct the proceedings. Everyone was in favor.

Ms. Downing called three times for the nominations. Ms. Downing sated that the committee will reorganize and according to the bylaws, call for the nomination of Chairman. Mr. Moskal nominated Ms. Downing as Chairman, seconded by Ms. Cavallo. Ms. Downing called two more times for nominations. There were no more nominations. The nominations were closed for Chairman.

Moved by Mr. Moskal, seconded by Ms. Cavallo to appoint Ms. Downing as Chairman of the Finance Committee
Vote: 6-0 in favor

Ms. Downing called for a nomination for Vice Chairman. Ms. Cavallo nominated Mr. Alves as Vice Chairman, seconded by Ms. Downing. Ms. Downing called two more times for

nominations for Vice Chairman. There were no more nominations. The nominations were closed for Vice Chairman.

RECEIVED
TOWN CLERK'S OFFICE
2022 FEB 9 PM 12:22
TOWN OF LUDLOW

Moved by Ms. Cavallo, seconded by Ms. Downing to appoint Mr. Anthony Alves as Vice Chairman of the Finance Committee.
Vote: 6-0 in favor

Ms. Downing called for nominations as secretary. Mr. Alves nominated Beverly Tokarz as Secretary, seconded by Ms. Boyea. Ms. Downing called two more times for nominations for Secretary. There were no more nominations. The nominations were closed for Secretary.

Moved by Mr. Alves, seconded by Ms. Boyea to appoint Beverly Tokarz as Secretary of the Finance Committee
Vote: 6-0 in favor

Notices will be sent to the Town Clerk and departments re: the re-organization.

Ms. Downing attended the Board of Selectmen's meeting, two weeks ago to get clarification on the budget process. The committee received an outline of the budget process which was given to her by Ms. Villano. Ms. Downing asked what the Selectmen preferred and what process they will use so that the Finance Committee would know how to move forward. Ms. Downing also received the Level 1 budget recap. At the end of the meeting, the outline that was presented was supposed to be changed, but Ms. Downing never received any changes. Ms. Collins explained that there is an updated copy of the budget process. The changes under the Level 2 budget added the Finance Committee to the representatives. She believes that they were left out because there is an entire paragraph devoted to the Finance Committee's role. There is a Finance Committee member on the Budget-subcommittee. She also noted that there is an added paragraph stating that the Finance Committee members should meet with their respective departments throughout the year to discuss prior year budget performances as well as current and future needs of the department, in effect guiding them through their Level 1 requests. New copies were forwarded to the members by Ms. Collins.

Ms. Collins spoke about the recap sheet that is presented year after year. FY'22 is not complete. It's due at the end of November. She is waiting for the real estate information in order for her to finish the recap. She has an estimate of what the recap may look like. She created a column with a flat FY'23 budget which shows how much estimated Levy there is, which is about 2.2 million dollars. This number is before the budgeting process. Because there were so many requests from departments for new positions or classification changes, those needed to go to the Selectmen prior to her starting the budget process, so that they could determine what needed to be added to the Classification Plan. New positions and items that the Town has to cover in the next budget are what is on the sheet. Those items are not department related items. They are fringe benefit items, retirement plans, debut service and a 2% increase to all the Town departments to cover anything within the contracts. This is money that is committed before starting the budget process. There is a $100,000 additional cost for a 1% incentive for insurance changes. The Town is switching over to 78-22%. Within the Union Contracts there is a 1% bump in salary for payouts. She has not received Level 1 budgets at this point. The Selectmen were to determine

what positions they wanted to approve to the Classification Plan, once done, the departments have to submit their Level 1 budgets by the end of November. Once she plugs them into the Level 1 requests, the Budget Sub-committee will meet. She feels that will be in early December to determine how to move forward with the budget and what the levy can support.

RECEIVED
TOWN CLERK'S OFFICE
2021 FEB -8 P 12:22
TOWN OF LUDLOW

At their last nights meeting the Selectmen voted to approve positions as follows: Two positions for Council on Aging – a ten-hour position for a Van Driver and a 19-hour position for an Assistant Activities Director. Those are un-benefited positions. The Selectmen also approved two Firefighter Paramedics and four Lieutenants. The Lieutenants positions are employees that moved up to new positions. At the Golf Course, the Selectmen approved two nineteen-hour positions for Groundskeepers. A non-union Human Resource Specialist, full time position was approved for the HR Office. A Police Lieutenant within the Police Department. A Grants and Procurement Specialist for the Selectmen's Office and a non-union Assistant Town Accountants position in place of a LATOS position currently there. They are not adding a position, it's becoming an assistant position. It's a salary position as well as the Human Resources new position. The departments were notified that those positions were created and they need to request funding in their Level 1 budget which will go through the budgeting process through Finance Committee. The numbers that are plugged in are numbers based on the requests that the departments submitted to Human Resources. There is no budgeted information in the budget except for the new positions that they requested, to let the Selectmen know what the departments are requesting and how much it totals and how it would affect the recap. Ms. Downing said that the recap pending FY'22 approved budget is last years actual approved budgets. Flat FY'23 is a copy of that. Ms. Downing wanted to know what information is going out to the departments. Ms. Collins said that at this point she is waiting for the departments to send her their entire budget with all their salaries and requests for Level 1. They're not due until the end of November. Once those are received, she will populate the requested column with everyone's Level 1 request, that will be reviewed by the Town Administrator and herself and the Budget Subcommittee. Once the Budget Subcommittee reviews the Level 1 budget it moves on to Finance Committee. Ms. Downing said that if there are cuts to be made, would the Finance Committee be informed of that. Towards the end of the process last year, there were cuts on certain departments that were made, bottom line cuts that the departments didn't know anything about. Ms. Collins said they didn't cut any budgets last year. The only thing that they did was add to budgets. There were additions made to people's budgets. The only cuts that would have been made would be if a department said they didn't need money. There wouldn't be any cuts between the Budget Subcommittee and the Selectmen approving the final budget, unless Finance Committee recommended that there should be changes made to budgets in a certain way. After that review is done then the Finance Committee and the Selectmen should have a meeting to determine what budget will go before Town Meeting. If they don't agree then the Selectmen would submit a budget to Town Meeting and Finance Committee would submit their recommendations. If the budget needs to be changed, it would be changed on the town floor. Ms. Downing hopes that the Selectmen and Finance, if there are differences in figures, that they would come to a consensus prior to Town Meeting.

Mr. Alves said that it's important to distinguish between cutting and a reduction in funds that are requested. Mr. Alves doesn't think that the committee cut anyone's budget but there were discussions on reducing the requests. A cut is reducing what you had. Ms. Collins gave examples

of cuts vs. reduced money requests from departments. Ms. Downing asked if any of the library requests were approved. Ms. Collins said that their request for a position was already on the classification plan, so it didn't need to be approved. The Selectmen were in support of funding the position. The requests that the Selectmen approved total about $340,000. The Selectmen approved the classification changes, they still need to request the changes in their budgets. They have to go through the process of the funding and the sub-committee meeting. Ms. Downing asked when will the departments get their directives and their outline for the budgets. Ms. Collins said they have it, since the end of September, with deadline dates. Ms. Collins anticipates that the Budget Sub-Committee will meet early in December. Mr. Alves spoke about this year's process. He asked why wouldn't the sub-committee meet to develop the parameters. Why aren't more people involved in that decision making. Ms. Collins said that at the beginning of the process, she and Ms. Villano have communicated with the Selectmen, Mr. Gregoire and the Superintendent prior to getting started. The concern with setting a parameter before knowing what the recap looks like is an unknown. She feels that it makes more sense to plug in the figures that you know to see how that's going to affect the budget and then bring that to the sub-committee to continue. Departments have to be looked at separately, some are larger than others. You could give parameters to police, fire, the school department because they are large departments. She feels that it makes more sense to say what they need to run their departments and then review them individually which is what the role of Finance is. Mr. Alves said that last year, part of the contention was when Mr. Gregoire met with the Selectmen, they may have already voted on certain items. It's important to have that meeting with the Selectmen prior to any votes taken. If there are changes made by the Finance Committee on the Level 2 budget, it should be discussed when the Finance Committee meet with the Selectmen and then the two boards will or will not approve the Level 2 budget. There was more discussion on the budget process and how it should play out this year.

RECEIVED
TOWN CLERK'S OFFICE
2022 FEB -8 P 12:22
TOWN OF LUDLOW

Free Cash was certified at 4 million dollars. Ms. Downing wondered if the Selectmen's goal is to not offset the tax rate with the Free Cash. Ms. Collins said there was a comment made at the Selectmen's meeting, which she argued about. She doesn't think that we should go back to using Free Cash to offset the tax rate. All that does is create a budget deficit for the following year. The one thing that is in the financial policy for Free Cash is trying to get to 3.7 million to be within 3 to 5% of the budget, which is close to 4 million, which is where they are at this point. The hope would be not to spend down all the Free Cash this year and have a starting point to build from and have the money go into Stabilization. The perfect percentage would be 7 to 9 % of the budget which is close to 7 million dollars. It is now 4.5 million. They're still building their reserves and trying to reach that point. The other thing to keep in mind is because during the pandemic they were very conservative with things, the Town received a 1-month health insurance premium holiday. There was one million dollars going into Free Cash due to the health insurance holiday. They also collected more than they expected during the pandemic. This all added to the Excess Levy and Free Cash. Ms. Downing said that it might be optimal to increase Capital at this point with some Free Cash and get a few things done. There are always issues in the Warrant to use Free Cash. The health insurance payments will go to 78-22% which will decrease the budget. Debt Service regarding the school and senior center will not affect FY'23. The increase is $177,000 and some of that is the Radio Communications Project, which is temporary borrowing. The Golf Course will not have to be funded by the Town for FY'22. The retained earnings for FY'21 was $241,000. The Golf Course added $141,000 to retained earnings

bringing them to $241,000. They believe that they are on target this year to reach 1 million dollars in revenue which is over what they did last year. They should be adding $130,000 in FY'22. Ms. Collins said that because of the holiday in health insurance, there was almost 1 million dollars that was not spent in the budget. That helps to cover any deficit that would have appeared because of the trash. They were allowed to accrue July, August and September for payments and backdate them in terms of Free Cash. It did not affect Free Cash negatively. The Town should not end up in a revenue deficit because of it. They are trying to get the bills out for January 1st. for FY'22. Her hope would be that the trash bills would be billed in July 1st. for FY'23. The payments are subsidizing the cost of the trash. The rest of it is being financed under the tax rate. Ms. Collins did not need a Reserve Fund Transfer for her office at this time.

RECEIVED
TOWN CLERK'S OFFICE
2021 FEB -8 P 12:22
TOWN OF LUDLOW

If there is information on the budget or transfers, there will be a meeting in December. If there is no business there won't be a December meeting.

Liaison updates: Mr. Moskal had no new information for the Senior Center. Ms. Downing had no new information for the Harris Brook School. It's open, there was a ribbon cutting and the school is beautiful. It's on budget if not under budget.

There is a vacant position. Ms. Tokarz informed the Moderator and it was placed on the website. She will inform Mike Hill to place a vacancy on LCTV. A letter of interest is due on December 10th.

Ms. Cavallo and Ms. Boyea met with the interim superintendent. They asked about new positions. Ms. Nemeth said that it was hard to fill current positions. Their struggling to get teachers. They had sixteen open positions for para-professionals and couldn't hire a 3rd teacher. Their having difficulty getting substitutes, cafeteria workers and she doesn't anticipate any increases because the money from COVID is still available. Ms. Downing said that if the school level funded their budget, it would be great to get a jump on some money. The school would like to utilize some of the COVID money with respect to the track in back of the High School and fields, but didn't know if that could happen. Ms. Collins said that in terms of using money from the school, if the projects from the school and senior center come in under budget, that money has to be reallocated to another project at Town Meeting. Those funds could be used to do the track, but would have to be voted on at Town Meeting. In terms of the Veterans Park School, there are many environmental issues, and a 2-million-dollar expense to tear down the building. Once the school is removed, it changes the area and what it can be used for, and what projects are approved by Conservation and environmental. It would be possible to look at long term projects etc. Their looking at a February date to empty the school and the building comes back to the Town. It still has to be insured, winterized etc.

There is nothing new with the DPW to report. Mr. Alves said the library is looking for funding for the position that has been on the Classification Plan for several years. Ms. Tokarz said that the Town Clerk will be adding $5,516 to her budget for software for three programs for the business certificates, statements and dog licenses. The Town Clerk and IT Manager will work together. The yearly maintenance fee will be $1,385. That amount will continue for three years, and then will probably increase. Mr. Blanchard is looking into other departments using the

software. Ms. Collins wanted to know why the charge is being added to the Town Clerk's budget and not IT, if other departments will use it. Ms. Collins will ask the IT Department about who will be taking up the charge.

RECEIVED
TOWN CLERK'S OFFICE
2022 FEB 10 P 12:22
TOWN OF LUDLOW

Ms. Parker sent in a statement re: the Planning Department. They are asking for 2% COLA raises only. The rest of the expenses will be level funded. They may be looking for additional funds to digitalize files, but not sure if it will be this year.

The Golf Commission Retained Earnings came in at $241,000, which includes $100,000 of Town subsidy. The Town currently covers the golf cart lease with Free Cash through a Capital Article. The Golf Commission should add that back into their expenditures. They say they should reach 1 million dollars this year in revenue. They are asking for two new positions, part -time grounds maintenance in the amount of $31,000.

Ms. Cavallo met with Ms. Zepke at the Senior Center. Ms. Zepke met with the Selectmen and requested for two new part-time positions. Other than that, she has no plans to increase her budget.

Ms. Downing would like a memo sent to all department that if they would like any help with their budgets, they should contact the Finance Committee. Some departments are not equipped to put together their budgets.

Moved by Mr. Alves, seconded by Ms. Boyea to adjourn the Finance Committee Meeting at 7:15 p.m.
Vote: 6-0 in favor

Ludlow Finance Committee