March 2, 2022

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Postponed meeting of the Finance Committee held on Wednesday, March 2, 2022 beginning at 6:00 p.m. in the Selectmen's Conference Room, Town Hall.

Members present: Maureen Downing, Chairman, Susanne Boyea, Joan Cavallo, Matt Goncalves and Beverly Tokarz

Members excused: Anthony Alves and Richard Moskal

Kim Collins was also present

First Order of Business: The Pledge of Allegiance

Ms. Downing read through Correspondence received as follows:

From the Board of Selectmen: Articles for the May 9, 2022 Annual Town Meeting Warrant and Annual Report:

The Board of Selectmen, at their meeting of December 14th voted to open the Warrant and no later than February 11th and will be closed on March 1st. The Annual Town Reports were submitted.

Articles for the May 9th Special Town Meeting within the Annual Town Meeting

The Board of Selectmen, at their meeting of February 15th voted to open the Warrant for the May 9th Special Town Meeting to be held at the Ludlow High School beginning at 8:00 p.m. The Warrant will officially be closed at the Selectmen's meeting on Tuesday, March 15th. The Board will accept only urgent Articles for inclusion in the Warrant until Thursday, March 10th at 4:00 p.m. No Articles will be accepted after the 4:00 p.m. deadline.

A letter from the Board of Public Works to the Board of Selectmen:

Please be informed that the Snow and Ice Removal Budget has been expended as of January 31, 2022. In accordance with Chapter 44, Section 31, of MGL, the DPW is requesting that the Selectmen officially declare a State of Emergency in the Town of Ludlow and to notify the MDR so that over expended invoices may be processed for payment. Steve Santos, Chairman BPW.

Response from the Board of Selectmen:

At their meeting of February 8th, the Board of Selectmen voted to declare a State of Emergency as of January 31, 2022, due to the over expended snow and ice budget. Further, the Board voted to approve the expenditure of the deficit spending for the Town's snow removal in accordance with Chapter 44, Section 31.

There was a Municipal Vulnerability Preparedness and Hazard Mitigation Plan Committee Meeting on February 17th for hazardous waste.

A copy of a letter from the Ludlow Police Department signed by Chief Valadas and Fire Chief Ryan Pease: A request for Public Safety Complex Assessment

Chief Pease and I respectfully request that the Ludlow Board of Selectmen consider allocating a sum of money from ARPA federal funding to be used to hire a firm of public safety complex designers to assess the needs of our community going forward, specifically pertaining to the Police and Fire Department complexes. As stated in previous written correspondence concerning the immediate needs of both the police and fire departments separately, at this time, it would be prudent to have an independent professional firm assess our town's public safety building viability looking towards a plan that would serve the town for fifty years. Our current complex is dated and has been maximized in terms of its capacity to meet the town's future public safety needs. Thank you for your attention.

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At this time the committee heard from Accountant Kim Collins to get an overview of the budget. Spreadsheets were provided to the committee, which were also provided to the Budget Sub-committee on February 15th. She will explain the budget and how it relates to the taxes and Levy Limit.

Ms. Collins said that we are on Level 2 of the budget process. Level 1 shows the requests that departments put through. With all of those requests the budget would be at a negative 1.6 million dollars in Excess Levy. After those requests came in, the Town Administrator, Ellie Villano and Ms. Collins went through the budget and looked at areas that could be adjusted in terms of positions that were requested. Areas where the school had requested a 5% increase, they lowered that request down to 1%. Health insurance, retirement, etc. after reviewing them, they were able to make adjustments. That brought the total down to $86,000 in Excess Levy. Those amounts were brought to the Budget Sub-committee, and were reviewed by them and accepted, based on the needs of the Town. There were some positions that were reduced, some positions that were removed completely. At this point, there is a report by departments that will be used when meeting with them. The Selectmen had approved all of the positions that were requested in the Level 1 budget, but have not approved the funding for them. An example, there was a request for a Grants Writer that the Selectmen approved for $65,000, the funding was left in. Now it's up to the Finance Committee to review the departments to determine if that's a good choice for the Town.

Ms. Downing said that Ms. Villano sent her a text that the Selectmen took a vote to approve the budget as is. Ms. Collins said that the Board does approve the Budget. This is what they would like to see. Now the Level 3 is for Finance to review. If Finance Committee determines that the Town can't afford a Grant Writer and it's not good for the Town it's Finance choice to say so. Once all the departments are reviewed for Level 3, there will be a meeting with the Board of Selectmen and Finance, giving their recommendations. At that point the Selectmen would decide whether they would want to move forward with Finance adjustments or whether the budget will stay as is.

Ms. Downing said that it was her understanding that at the last Budget Sub-committee meeting that a few of the positions, for example, the Human Resources position and a few others, were already approved and money for those positions was funded. Ms. Collins said that there were two positions. One was for Human Resources, a Management Level new position. That was approved with current funding in the current budget. That will go through to FY"23. The other position that was approved was the Assistant Town Accountant, which was a Level 4 position,

which was moved to a management position and that position was filled by the current Level 4 employee. That position will move forward. It's a reclassified position, and will move forward to FY'23. All positions were approved on the Classification Plan but have not been budgeted for. Some of the positions are included in Level 2, but not all of them. It does need to be reviewed by the Finance Committee. For example, the Fire Department requested two firefighters. One was removed and one is in the Level 2 budget. There are notes to everything that was removed and added in. Ms. Downing asked if contractual obligations are anticipated in the budgets because some of the contracts have not been negotiated. Ms. Collins said they always anticipate a 2% increase. There was other conversation on negotiated contracts.

Ms. Collins said that the committee received a Free Cash Utilization chart. This shows what Free Cash was committed to FY'23. The ones that show up in italics in bold, those are the items requested for this year's Capital Planning. They haven't been approved. They haven't been reviewed. They've only been put in as requests, to show what effect it would be on Free Cash if everything was approved. Clearly, everything will not get approved. The items that are highlighted are the previous years leases that have been committed to that will be carried forward. Ms. Downing asked about the items that are not listed COVID Articles, School Fiber-Optics, Reclassification Plan. Ms. Collins said those are items from prior years. If they say complete next to them, they are old Articles and have been closed out. ARPA requests are listed and separated by departments. They have priorities listed next to them. The Selectmen have been meeting weekly speaking about ARPA funds and what they want to do with them. The priorities have been, demolishing Veterans Park School, making improvements to Whitney Park, Track and Field Complex and possible fields at Veterans Park, if feasible. Ms. Collins explained what the ARPA funds are. She goes on to explain that initially at the beginning of the pandemic there were CARES Funds that were given out. The Town did receive close to 1.8 million dollars in CARES Funds and a million of that was used to help fund things at the school and another $800 plus thousand was used to fund items for the Town. When everything was expended, they came up with ARPA Funds. The Town should be receiving 6.3 million dollars. There is a 345-page manual provided showing how the funds can be used. Basically, the funds need to be used in public areas, lower income areas, community needs. The borrowing for the Harris Brook School has already been borrowed and in the tax rate. The school is coming in under budget. Any of those funds that are available can be transferred at Town Meeting to be used to fund the Track and Field Complex. The plan is to use any funds that are available from that borrowing and whatever additional that are needed, would be taken from the ARPA funds. When the Veterans Park School is demolished, pending a feasibility study and determining if fields are be put in that area, the land will be grassed over. Ms. Downing asked if the Golf Course put in any requests from the ARPA money. Ms. Collins is not sure. The Board of Selectmen had all the requests. If there were items from the Golf Course, it did not make it to the list. The Selectmen decide where the ARPA money will be spent.

Ms. Downing said that the first meeting on Capital items will be on March 7th. That is when a discussion will take place re: Capital Items; $300,000 has been allocated from Free Cash in the budget. Ms. Collins said the Capital number in the budget has been carried forward from the prior year. Ms. Downing said that the $300,000, the ARPA Money, and Free Cash is the pot of money that Capital items will come out of. Ms. Collins said that the number that show on the recap is $402,419 for Capital Projects which is the number from last year. That number doesn't affect the tax rate, but it's not changed until she knows what the amount of the Capital Projects

will be. The budget for Capital Projects would only be the Free Cash balance which the beginning Free Cash balance was 4 million 10, less whatever has been allocated.

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Ms. Boyea asked Ms. Collins if she and Ms. Villano, consulted with departments when they were making adjustments to their budget. Ms. Collins said that she wants to get away from saying that they "cut" budgets. It's not their budgets, it's their requests and their requests included positions that they don't currently have. Basically, at this point, their budgets are still increasing, but decreases were made if necessary. Ms. Collins said that she did talk to the Fire Chief and Police Chief. Anyone who had a big reduction were spoken to. Some of the positions, the departments didn't expect to get at all. Looking at the Excess Levy, the increases would not support it, they left in all the positions that they could and then decided what to cut. She said this is not the end all budget. They decreased the budgets where they felt it necessary. Once Finance meets with the departments there maybe areas where a position could be added or taken out. This is the first round that they know what the Town needs. Their trying to give the departments what they need, not necessarily everything they want. Ms. Downing said that with $86,000 in Levy Limits, there's not much the Finance Committee can do. Ms. Collins said they can look at the Grant Writer position and say it's not as important as a police officer. Ms. Downing said then Finance has to go to the Board of Selectmen and make that case and if they don't agree with Finance, because they already voted, it has to go to Town Meeting on an Amendment. Ms. Collins said it would be the same as last year. Ms. Downing said that this will be discussed further. She wanted to get the budget out of the way and then the members will discuss the rest of it and how Finance would like to go forward. Ms. Boyea feels very confused about the Level 2 Budget Sub-committee. She's been on the committee for years and feels that the process has changed. In prior years the committee would receive the budget, the committee would meet with departments and go over their budgets, make adjustments, recommendations and then meet with the Selectmen before they voted. Ms. Collins said that since she's been Town Accountant, there has always been a Level 2 budget. Ms. Downing said that in prior years, when requests came in the amount was also over the Levy Limit, so she would reduce the figures and then it would go to the Finance Committee to determine whether the committee agrees or not. Ms. Boyea said the committee would sit down with departments; both make an educated decision on what their needs are. She finds it difficult that there are six or seven budgets that could just be reduced. It's like Ms. Collins is making a recommendation before the committee does. Ms. Downing said that the biggest issues she finds is that the Board of Selectmen already voted to adopt the budget. Ms. Collins said that they've done that every year. Ms. Downing said, not prior to the last two years. Ms. Collins explained that she sat at the Budget Sub-committee and brought what the Finance Committee, what the Budget Sub-committee recommended as guidelines. After the Finance Committee was done voting, she sat in front of the Selectmen to explain the budget and that's when they took the vote, not before. Ms. Collins said that we have the process, but Ms. Downing said that the process now used is only 2 ½ years old. The Finance Committee was never consulted that there was a process change being put together. Ms. Collins said the process is not changed. The committee disagrees. Ms. Downing explains the process again, as she knows it to be prior to COVID, when the last time Ms. Downing was chairman.

Ms. Lisa Nemeth, Acting Superintendent and Mr. Michael Kelliher attended the meeting. Ms. Downing called them up to the table. Ms. Nemeth stated that she was concerned that the Police and Fire departments are getting their 8.1 and 8.3% increase for their budgets. The School Department is getting 1%. For the past 2 years the increases have been pretty even where each

department received 4% increase spread out over those years. The school will find it very difficult to run with only a 1% increase. There will be a million-dollar deficit and cuts will have to be made. Ms. Downing related to Ms. Nemeth and Mr. Kelleher as to what happened in the Budget Sub-committee. Ms. Nemeth and Ms. Downing were members. Ms. Downing went on to explain that in December the Budget Sub-committee met and were handed a large sheet, which was a first past through of the budget. It had a Level 1 budget only. At the time the school requested a 5% increase. She was asked to lower it to 3%. Ms. Nemeth explained that at the second meeting she expected the 3% increase and she adjusted her budget to the 3% and was told that she was at a 0% increase. Ms. Downing's concern was that they gave Finance $150,000 for Reserve Fund. The $50,000 extra is not needed. School spoke up because of the 0%, In January the school had 0% increase, in February they were given ½% increase. There was a meeting with Ms. Downing and Ms. Nemeth. There was nothing that could be done because of the process, however Ms. Villano stated that she was going to look into the benefits and insurance that maybe she could get the school up to 1%. The third meeting, they were told that the 1% for the school budget was set and no more changes could be made to the departments because the Levy Limit was only $87,000 at that point. The Budget Sub-committee had wanted the Finance Committee to meet with the departments. On February 22nd, the Selectmen voted and passed the Level 2 budget and accepted the total bottom line. Ms. Downing has a text from Ms. Villano proving that. Ms. Downing gave a history about the Budget Sub-committee stating that the committee was formed because the Selectmen would take COLA and anticipate what the funds were. Finance Committee felt they were not getting enough information so the Budget Sub-committee was formed to gather information regarding contracts, personnel, benefits, growth, free cash, State money etc. and come together, do the work, gather information and then go to the Selectmen with a recommendation on what guidelines should be perused. Letters would be sent to departments stating guidelines, then there would be a letter to Departments from Finance setting up a meeting, following the guidelines, etc. and no numbers were given out on sheets at that time. The departments would come in, liaisons would work with departments and come up with a budget. There was a comment at the last Sub-committee meeting asking why would line items be worked on. Finance would work with all the departments, go through their budgets, make adjustments, and after that process, proceed with the final numbers, hand them to the Town Accountant, she would work up the sheets so that the committee would know if the numbers were feasible to support the Levy Limit and Tax Recap. From there Finance would take a final vote and go to the Selectmen with a recommended budget and then the Selectmen would either accept the recommendations or question it and vote yes or no which allowed Finance to go to Town Meeting as a united front. Last year there were issues with a few departments because Finance didn't know that the Selectmen had voted on the budget, nor did they know that the process was different. She was not chairman at the time. It was her understanding that the committee was not aware that it wasn't the normal process. Finance didn't know that the Selectmen had approved positions. The sequence of the process had broken down pretty badly last year. It ended up that there were changes that the chairman felt that he wanted to go forward with. Finance went to the floor with a few items. One was approved and the others were not.

Ms. Boyea asked about the school's budget and the Level 2 Budget. She asked if the final number was voted on? Ms. Nemeth said yes, so the school department can only work with that amount of money. It doesn't matter if they speak to Finance and plead their case. Ms. Downing said unless Finance gives them more money and the Selectmen agree and change their vote. Ms. Downing said that all the numbers that have been put in have brought down the Levy Limit to

$86,000 and there is no money to use, unless other department are short changed. It's a difficult situation like last year. The difference is, this year Finance is aware ahead of time. She is asking the committee, does the committee want to meet with all the departments when there is no money to give them? If they went by line items there could have been money saved.

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Ms. Boyea's concern is when she goes through the Level 2 budget, the departments that have a lower number than the Level 1, she believes they should have a chance to justify what they need. Police, Fire and School Department received a lower Level 2, budget. She thinks we should meet with the departments that lost money. What actually did their money represent in their department. Ms. Cavallo saw in the paper that the school department is receiving 6.1 million dollars. Mr. Kelleher said they received 3 million in funds, utilizing those funds this year, the remaining funds are programmed. Those funds were sent for specific reasons for student mental health, for helping kids catch up, summer school, tutors etc. Ms. Cavallo asked if it was part of CARES or COVID money. Mr. Kelliher said it came from federal funds. It's used for specific criteria outlined in the funding. Twenty percent has to be used for learning loss and learning recovery another 20% for mental health support and the other is for supplies materials for learning loss. Ms. Nemeth did question why the school only received a 1/2 %. She was told that they have a new school, new central office and that the insurance rates went up to support the buildings that are no longer vacant. The school department is costing the Town a lot of money and also because they received COVID money and some of the PPE funding. The 1% was given to the school because they received those funds. Ms. Downing wanted to place more money into Stabilization because her concern is next year, they may have to utilize a lot of money or take it out of Stabilization to support the budgets. Finance is pro school as they are partners with every department. Ms. Downing gave examples of what happens when you don't go through the budget by line items. Her two examples from the past were the library re: utility bills which should have been centralized by the Selectmen's department because they were a Town building. They had to use State funds to pay for their utility bills and they didn't know any different. Finance caught that and were able to move those bills out to the Selectmen and let the library utilize that money. The other example was the Police Department re: Overtime, making a new line item for Overtime and classification changes to help their budget.

Ms. Tokarz asked Ms. Nemeth what she proposed should happen for the school. How can Finance help. Mr. Kelliher said that the only opinion they have is to juggle money between the department to try to ease the pain. His concern is some departments are getting sizeable increases and some are not and there should be some equity to that. It seems unfair that the school department is getting a small %. Seems like a disconnect when some departments are adding positions and the school will have to make many cuts. The school etc. are Capital projects, they are not operational expenses. Those are separate projects. You build a new school; you need to staff that school building. There are additional insurance costs for vacant buildings. There wasn't a plan in place to deal with the vacant buildings. If the decision was to take down Veterans Park School, they could have taken it down when Chapin Street School was being demolished and saved some money, because the contractor was already in Town. There wasn't a plan in place. There would have been money to put into a different bond to demolish Veterans Park School. Long Rang Planning was supposed to take this over and never met. Operational Budgets and Capital Budgets are two different items. He doesn't know about the process; the tax rate was reduced this year which is part of the issue. A lot of things happened before looking at the numbers and deciding what the needs were and what it would take to keep the operation going.

It's up to the Selectmen to rectify the situation. He strongly encourages going back to the way things were done. Finance Committee has a role to play. It's fair to let departments come in and make their case for their budgets and then start making decisions about where money is going to be allocated. Ms. Downing doesn't want to recommend to the school on what their next step should be. She can't make any recommendations because she is not sure what the committee will do. Her opinion is that if the committee only meet with one or two departments that wanted more and didn't get it, she doesn't feel that it's fair to the other departments. Should the committee go through hours of discussion and end up with nothing, especially if the budget was voted on? She doesn't think that it makes sense to go to the floor and have a fight. It's a bad way to do business. Ms. Cavallo said that last year at Town Meeting people in the audience had no clue what was going on. It's very unprofessional. With all the people who are willing to work on budgets, that was absolutely un-necessary. Mr. Kelliher said that whenever he sees decisions being made on Town Meeting floor, whether it's budgets or positions being added, the due diligence isn't done at that time. The due diligence should be done well ahead of time. Most Town Meeting members look to what the Selectmen and Finance recommend. They expect that it's all handled prior to Town Meeting. We are not there anymore. Ms. Boyea said that a Level 2 budget can be completed, but don't vote on it before Finance looks at the departments. No one had any input to the sheets that were given out at the Budget Sub-committee. They did not work that budget. It was already completed prior to the meeting. It would have been nice as a curtesy to have someone say that there will be a different process, it needs to be streamlined and talk about it and give the committee a heads up. That was never done.

Ms. Boyea stated that the committee has to decide if every budget will be looked at and if changes will be made by either adding to some, subtracting to others, then be prepared to go to the Selectmen with those recommendations and justify what is being said. The committee would have to add another step to what they do. Ms. Downing said that she isn't sure if she's comfortable doing that. It didn't work well last year.

Ms. Nemeth said that she watched the Selectmen's meeting and they inferred to just vote on the budget. The Selectmen said that the Finance Committee will look at it and they can make changes when Finance comes back for a meeting. That was said at the very end of the meeting. They could have held the budget open until the Selectmen met with Finance to see what their recommendation would be. It becomes an adversarial situation between Finance and Selectmen which is unprofessional. Finance should have been allowed to do the work they normally do. Ms. Boyea's personal feeling is that the committee has two options. One, vote on the budget as is. Personally, she doesn't think it's fair to any of the departments who put together a budget, especially the budgets that are being decreased from their request, without doing the deep dive with those departments. Mr. Kelleher said they were basically handed numbers. Staff will be affected. Ms. Cavallo said that is what they will have to show if they meet with the Selectmen. Ms. Downing said it's the Levy Limit that is being affected. The only money that could be used and take away a position would be $65,000 for a Grant Writer. She would like to get the whole committee's opinion on how to proceed. Mr. Kelliher said that if there is any information that is needed, they will provide it. Meeting times with committee members was discussed if departments were to meet and review their budgets.

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Moved by Ms. Boyea, seconded by Ms. Cavallo to approve and sign the Finance Committee Minutes of April 26, 2021
Vote: 4-0-1 in favor. Mr. Goncalves abstained

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Moved by Ms. Cavallo, seconded by Ms. Tokarz to approve and sign the Finance Committee Minutes of January 19, 2022.
Vote: 3-0-2 in favor. Mr. Goncalves and Ms. Boyea abstained

Ms. Downing would like to set up a budget meeting for discussion for the committee members who were not present. She would like to meet again on March 16th. This will be a very important meeting and everyone should try to attend. Ms. Boyea asked if she could attend the meeting remotely by calling in. Ms. Tokarz will ask the IT Manager if he could set up the system to accommodate the request.

The Town Meeting is May 9th. If the Warrant is completed, the committee may have to vote on Articles with discussions on the budget.

Moved by Ms. Boyea, seconded by Ms. Cavallo to adjourn the Finance Committee meeting at 7:30 p.m.
Vote: 5-0 in favor

Ludlow Finance Committee