



Town of Ludlow, Massachusetts
Finance Committee Joint Meeting

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Minutes of January 21, 2026
Meeting began at 6:00 p.m.

Members Present: Tony Sanches, Susan Boyea, Mike Kelliher, Michael Kelley, Aneta Lombardi, Chad Mullin, and Bill Nicoll

First Order of Business: The Pledge of Allegiance

Mr. Sanches and Mr. Kelliher had a conversation with the Town Administrator, Marc Strange to explore whether a health insurance stabilization fund is something that would be feasible for Ludlow and under state law for local bylaws. Marc confirmed that the idea is feasible in concept, but he was clear that an evaluation of structure, policy, or funding would need to be staff driven and Select Board led process not initiated or directed by the Finance Committee. At this point, there's no proposal or analysis underway. This conversation was purely informational so that we would bring forward something publicly that was feasible. If the staff determines that the concept is worth pursuing, they will engage in appropriate boards and committees through the normal process. Mr. Sanches wanted the Finance Committee to be aware of this discussion.

OLD BUSINESS

Committee to review current fiscal YTD Municipal Expenditures:

Mr. Strange stated that the Town Accountant, Cheryl Allen, is not attending the meeting this evening and he did not come prepared with that stuff.

Mr. Kelliher stated that he noticed that the Emergency Management money was cleaned up.

Mr. Sanches noticed a few double entries for the Public Safety Complex.

Mr. Strange said to send those over to Cheryl and she would have them cleaned up.

Mr. Sanches wanted to clarify that the Finance Committees role under the Town of Ludlow bylaws, Fin Com serves as a recommendation body. Their responsibility is to review the financial information presented, evaluate the budgetary impacts, and ultimately provide town meeting with a clear fact-based recommendation. Our focus tonight is strictly on financial implications of the proposals being discussed.

NEW BUSINESS

FY27 Budget Overview: Override, Non-Override & Fee Options presentation:

Mr. Strange went over the slides that he will be presenting on February 11th to the public. He also showed them to the Select Board and had a very robust conversation.

Mr. Mullin asked if the public is aware of this meeting and if department heads will be there to field questions.

Mr. Strange stated the Board will be there and Dr. Tiano was invited because this is at a higher level. Mr. Strange will be presenting the issues that they have and where the town is currently.

Ms. Lombardi asked what the current deficit is.

Mr. Strange explained that the problem with the fiscal 27 budget is the employee benefit cost increases. Specifically, the town is budgeting for an 18% increase in health insurance costs, which represents a \$2 million increase and an additional 10% increase in retirement assessments, which adds an additional \$657,000 to the fiscal year 27 budget. This adds up to \$2.7 million and just by way of comparison, the town has four sources of revenue. One is the 2 ½% increase on the total assessment of the whole town year after year, which is prop 2 ½. New growth, local receipts, which is excise taxes, fees, local permitting, MGM money. The last piece is state aid. State aid has gone down over the past few years. Level 1 budget is all of the departmental requests, any increases in the debt service and any other line-item increases. The total level 1 increase is about \$6.5 million.

Mr. Kelliher asked who recommended the 18% health insurance increase?

Mr. Strange stated that it was recommended by the town's MIIA rep. Ludlow is above average because of some substantial claims. Mr. Strange recently received information that the increase looks like it will be somewhere between 12-15% instead, but he didn't want to change his

presentation without having hard figures. There will be a \$600,000 savings if it goes down to 12%. Currently, the deficit is \$2.6 million.

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Mr. Sanches asked about the new growth that Mr. Strange budgeted for \$500,000 but the Assessors mentioned \$1.2 million.

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Mr. Strange stated that It's in there.

Mr. Nicoll asked if Mr. Strange was going to break it down for people to understand how it's calculated.

Mr. Strange stated he can send out the spreadsheet to the Finance Committee tomorrow.

Mr. Nicoll asked if he is going to do that for the public forum also.

Mr. Strange stated that it would be too complicated. He also mentioned that Ludlow is not the only town with this problem and he read the letter from Mass Retirees. Hampden County Health Trust had a total of a 38% increase. Eight municipalities have left and went to GIC to try and save money. The options would be to increase the split between employer and employees for health insurance or make change design plans to the health insurance, which include raising the deductibles from \$500/\$1000 currently to \$2,000/\$4,000. This would be a savings of \$920,000. The 2.5 override is another option, and this would result in a \$200-250 increase on the median assess value property, which is \$369,000. They would eliminate the trash fee. The cost of the trash is \$2.1 million. The seniors have a lot of complaints about their trash fees.

Mr. Mullin asked if the prop 2.5 override would have to be voted on by the Select Board and then it would have to go before town meeting members at the town meeting.

Mr. Strange stated that Mr. Mullin is correct, the Select Board would have to vote to put it on the town warrant. Town meetings would have to vote to put the question on the ballot and then the voters would have to vote for it.

Mr. Nicoll asked why the town split for insurance is not possible.

Mr. Strange explained that the town split has to be negotiated with all the unions in order to change the splits. In July, we are going to start negotiating with the teachers' unions.

Mr. Nicoll asked what the savings were for 75/25 split.

Mr. Strange is going to get that information for Mr. Nicoll.

Mr. Kelliher stated that the last time they changed the split, they didn't recognize a savings for at least the first three years of the contract.

Ms. Lombardi asked how the 2.5 override works.

Mr. Strange stated that it would add \$2.1 million to the 2 1/2 %, so then the town can raise \$1.2 million if they increase the tax revenue. It is a onetime vote and one time increase.

Mr. Sanches if Mr. Strange had a model projected for the next three to five years with the prop two and a half.

Mr. Strange explained that health insurance is the one variable that they cannot control. The health insurance stabilization account would help by hedging against the dangers of facing another 15% increase. If we can put \$500,000-700,000 into the stabilization fund, that would help.

Mr. Sanches asked what the impact of prop 2 ½ would be on the taxpayer over the next three years.

Mr. Strange stated that it's difficult because it's like shooting a moving target. The trash fee cannot be increased any more than \$300.00.

Mr. Kelliher stated that the private companies are going to higher deductible plans in order to help with the deficit.

Mr. Strange stated that if there is no override, then the other option would be to lower the school budget from 2.5% to 2%, cut 3 or more FTEs from town staff, cutting summer camp, increasing the trash fee to \$300.00, reducing reserves and other line-item deductions as necessary.

Mr. Kelliher would like to get the prop 2.5 on the ballot for the March vote.

Mr. Sanches asked when the level 2 budget will be available?

Mr. Strange stated that they have to wait for the insurance numbers first, which is what the Select Board would like to do.

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Mr. Mullin recommended keeping any vacant positions vacant.

Mr. Constantino, precinct member from precinct six, commented that he is unsure how he will be voting as he does not want to see another tax increase. He asked if there is better information sent out to the precinct members. He also commented on the last town meeting on how the board spent more time discussing being called Selectmen than they did anything else. He was an employee of the city of Springfield, and they used GIC and he said they were very happy with it. It was a 60/40 split for employees.

Mr. Strange believes that too much information for precinct members can be very overwhelming.

Moved by Mr. Mullin to approve the meeting minutes from December 17, 2025, as presented with Ms. Boyea, Mr. Kelliher, Mr. Mullin and Mr. Sanches present, seconded by Ms. Boyea. Vote 6-0. All in favor.

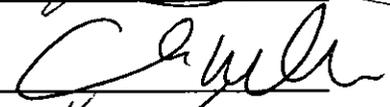
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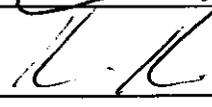
Mr. Sanches congratulated Chief Brennan and Lieutenant Tierney on their promotions.

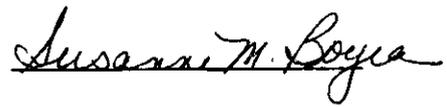
Mr. Mullin confirmed that the joint meeting with the school committee is going to be held on Tuesday, January 27, 20206, at 6:00 p.m.

Ms. Boyea reminded everyone to do their annual ethics test.



Chairman






Ludlow Finance Committee