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Town of Ludlow, Massachusetts TOWN OF LUDLOW
Capital Improvement Planning Committee

Minutes of the December 12, 2022 Capital Improvement Planning Committee. Meeting began at 5:30pm. Members present Marc Strange, Kathy Demetrius, Kim Collins, Josh Carpenter and Tony Sanches. Members absent James Gennette, Chairman, Luis Vitorino,

Mr. Carpenter: Tonight, we have a new appointee from the Finance Committee. Mr. Sanches. Would you like to introduce yourself?

Mr. Sanches: Tony Sanches from the Finance Committee.

Mr. Carpenter: We don't have any visitations tonight. Our first order of business will be the presentation of the Fiscal Year 2024 Capital Improvement Planning.

Mr. Strange: Kim and I put together this five-year Capital Plan based upon requests that we've received from the departments. Looking at the spread sheet at Fiscal Year 24. That's where we are going to be. The light orange shaded accounts are accounts that we fund every year. Are those by-laws.

Ms. Collins: No, the only one that is in our financial policy is stabilization. We basically are committed to putting four hundred thousand dollars every year out of free cash into stabilization. The rest of them are at the discretion of the Board of Selectmen. The dollar amounts.

Mr. Strange: Starting at the top, Fin. Com Reserve every year we budget one hundred thousand dollars for Fin. Com Reserve for departments who may have overspent a line item or might need to transfer for other reasons. Kim mentioned the stabilization fund that we have to put four hundred thousand dollars every year. We have been trying to put \$1M every year to get up to what the state recommends. That's seven to nine percent of our operating budget, so I think we are getting close to that. For FY 24 we've budgeted \$1M. The building infrastructure article is a special article that was passed a while back. It's like a building stabilization fund. If we have to fix, maintain, and repair our buildings. That is a reserved fund for building repairs. That's one hundred thousand dollars which is consistent with past years. OT salaries are police OT's. I think last year it was two hundred thousand dollars, but historically it's been closer to one hundred thousand dollars. That's a line item in our capital or at least our free cash utilization that hopefully won't be in there forever but will be in there for Fiscal 24. Prior to your bills, is an estimate of bills that come in after town meeting. It's appropriated funds, it's an estimate. Our OPEB outstanding

liability is \$98M. OPEB is other post-employment benefits. That's every person that has retired from the town and is owed post-employment benefits, retired at the same time or they wanted to collect their benefits or outstanding liability would be \$98M. That's high-level understanding. Currently we have five hundred thousand dollars in that account. We should be funded up to \$98M and we have five hundred thousand now. That might be why our bond rating is a little bit lower than it could be. We had an insurance holiday from last year. Our insurance provider gave us a one-month holiday so we did not have to pay premiums for one month. We want to use five hundred thousand of that insurance holiday that is now free cash, to start building up our OPEB account. With that five hundred thousand dollars it would be up over \$1M now. Those are our estimated free cash utilization for fiscal twenty-four. Going down to the Board of Selectmen. The purple is FY 24 those are the requests. From our office we put in the request for fifty thousand dollars for a pool vehicle. Right now we have a pick up truck that the building inspector primarily uses. We have a 1997 Dodge Charger which we inherited from the police department as our two vehicles. We just hired a facilities director who's going to need a town vehicle to travel around to buildings. We also hired a health inspector who's going to need a town vehicle to travel around to inspections. We don't have a vehicle in mind, but we figured fifty thousand dollars would be enough to buy a used vehicle for this year. Next year you'll see it in 2025, it's in orange and we will ask for another fifty thousand dollars for another vehicle for next year. For this year we are asking for a used vehicle, the town roof project. This was the project that was approved last year. Capital approved three hundred thousand dollars for the town roof replacement and then the abatement of the asbestos ceiling tiles, there's none in here but throughout the building there's asbestos ceiling tiles. We had an architect go in and take a look at the roof and the attic and the ceiling tiles and the estimate came ack at six hundred thousand dollars or so just to do the roof. We originally were going to ask for another three hundred thousand dollars. Above the ceiling tile there is no barrier the heat goes through the ceiling tiles into the roof into the sky. It's not energy efficient so they are putting in an air gap above the ceiling tiles to keep the heat in and make it more efficient. The abatement of the ceiling tiles was a little bit more expensive. That came in at about one hundred and fifty thousand. In total the project right now is seven hundred fifty thousand dollars. Three hundred thousand has already been appropriated from last year's capital budget, now we're asking for the additional four hundred and fifty thousand for this year. Lastly, we are asking for forty-four thousand dollars for the replacement of new computers for Town Hall. The computers that staff have now were proprietarily built by our former IT professionals. They built their computers here instead of buying them. The CPU is not necessarily capable of handling all the new software that we're implementing. We priced out new computers for everybody in Town Hall, new CPU's are about nine hundred dollars or so. There're forty-four stations so we bumped it up to a thousand dollars to account for rising prices. This won't be implemented until after July 1st.

Mr. Carpenter: You're going for a used vehicle this year for fifty thousand and next year as well?

Mr. Strange: Correct. The DPW that solid orange shaded means that the third year of a three-year lease. Which means that the money has already been approved and we have to pay for it out of capital. Moving down to the fir department. Was this a 2023 request that didn't get funded?

Kim: That's a new request. He's looking for a replacement for a 2013 Chevy and then he's asking for the ambulance. I don't know if he requested that last year as well.

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Mr. Strange: This year the fire department is asking for funding for a replacement vehicle. It's an admin vehicle for staff to get around in. They are also asking for an ambulance which is three hundred thousand for 2025, but the ambulance will be funded through the ambulance subscription fund. Moving out to 2025 and 2028 they are going to need a new fire engine and an additional new ambulance. For fiscal 24 they are just asking for sixty-two thousand for the replacement vehicle and then three hundred thousand for the ambulance, which isn't being funded out of free cash.

Ms. Collins: There are other two leases underneath.

Mr. Carpenter: Was that ambulance for this year? For fiscal 24. Is that the one that he came in for a few meetings ago?

Mr. Strange: Yes that's the same one. Moving down to the police department. I want to spend a little time on this. The police department submitted two capital requests. The seventy-nine-millimeter glocks and the replacement body armor. We were of the opinion that those two requests don't qualify as capital items. Certainly, want to open that up to the committee. Looking at the definition of what a capital project is doesn't seem that these two items qualify.

Ms. Collins: Part of the reason, they've come before for ammunition, guns, body armor. They have a line item in their budget for those types of expenses. That's not something that we typically said that we would cover under capital. The cost for each one is pretty small.

Mr. Carpenter: What's their line budget?

Ms. Collins: I don't have their budget on me.

Mr. Strange: We can get that for the next meeting.

Ms. Demetrius: I would say based on the language of a single project and a single location and the fact that they have a line item, I can see where they wouldn't fit. I think we had some discussion last year about that they didn't really fit the definition of a capital item.

Mr. Strange: The other fiscal 24 item for the police is something that we added in. When the police department presented their budget, they had a line item for replacement vehicles. The reason being is the PD was of the opinion that they cycle out their cruisers every four years. Which would mean the five-year requirement for the usefulness of the item wouldn't have been met, so it wouldn't have qualified for a capital item. I checked around to some other towns around the state and it's really a mixed bag. Some towns put it in their operating budget. Some towns treat it as capital. That's why I wanted to this the police department waitlisting. You'll see it's around five years that the police cruisers get cycled out. There's two vehicles right now that are 2016, and there's a 2017. It points to the fact that this is why towns would fund the replacement cruisers in their operating budget, we see this more as a capital item. It also gives us more space in our operating budget for other stuff. Our budget is very tight so if we can fund replacement cruisers as a regular item in our capital budget that would be very helpful. The chief had one hundred thousand dollars in his operating budget, so we put in one hundred and ten thousand dollars thinking that a new cruiser is about fifty-five thousand. We can invite the chief to come in at the next meeting and

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make a pitch that we feel that putting the cruisers in the Capital Budget as a recurring item is probably the best way to go considering the state of the budget.

Ms. Demetrius: There would be two cruisers each year?

Mr. Strange: Yeah.

Mr. Carpenter: He's got nineteen vehicles over there. This is just going to be the patrol vehicles?

Mr. Strange: Just cruisers. Yes. The other ones are capital items. Like the chiefs' car there not in use every single day and idling. Those would be capital items. Next section is the school. Kathy wants to double team this with me.

Ms. Demetrius: Dr. Tiano would definitely like to come next month, January. He also talked about it. We submitted things going out the next five years. That's why you will see things in the twenty four column, the twenty-five, twenty-six and twenty-seven.. The things that we saw could wait is in the twenty-seventh column. Tennis courts, score boards, motorized bleachers, heat units for the kitchen and the main gym, and the second one at the gym, sound system. Those are somewhat spread out. Those on the committee last year we approved two for next year. We have three pickup trucks; those are spread out as best we could. One in twenty-five, one in twenty -six and the last in twenty-seven. The tech stuff. The card access door buzzer, ADH handicap doors, and upgrading some sound systems for the high school, middle school and east. That's everything.

Mr. Strange: Lastly is the golf course. These items would be funded through the retained earnings account. They are asking for security cameras for their parking lot. They would put security cameras on the building and also other points within the parking lot. This is something that the gold commission has been wanting to do for some time. The golf cart lease is up. The cost of the lease has gone up. They are looking at ninety thousand dollars a year for three years. They are asking for the committee's blessing to use the retained earnings to pay for the first year of the gold cart lease. Then the Greens Master, The Grounds Master, The Sand pro, The Real Master, I believe those are all mowers. The Kubota is like a bobcat.

Ms. Collins: I brought up his budget. Fairway mower, and that was his number one. I think the bigger issue is to get them in here to talk about what the items are. We are not going to be very clear which ones these are. The golf cart lease they actually plan to put that into their operating budget on a regular basis rather than taking it from retained earnings, which they've done in the past. That ninety thousand dollars would be in their operating budget in the next three to four years depending on which lease has a better interest rate. Looking at a one-time purchase for the parking lot cameras and then the rest of them, they are looking for a three-year period and have them all come out of their retained earnings. I think the bigger discussion needs to be had with the gold course. They have about two hundred and twenty thousand dollars in their retained earnings. If they commit to these leases over the next three years, they will have to be sure that they replenishing those retained earnings over the next three years.

Mr. Strange: We are operating with a recent all-time high in free cash. Credit for Kim for putting that together. As the requests stand and we put together the Fiscal 24 capital plan, as we sit here,

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we have been able to fund all the Fiscal 24 requests that came in. There are some moving parts here. We'll ask the golf course to come in, Dr. Tiano, and Chief Valadas we can talk about this stuff. Generally speaking, we are in decent shape.

Ms. Demetrius: Reading the spread sheet at the very top FY24, \$1M, in yellow, the very first number. That is the ending free cash?

Ms. Collins: At the top of the page the \$769,929. That is what we had left in free cash last year. We are trying to reach the goal to keep the free cash as close to that \$3.8M.

Mr. Carpenter: We have \$4.4M?

Ms. Collins: Yes

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Moved by Mr. Strange to approve and sign meeting minutes of September 12, 2022, seconded by Ms. Demetrius. Vote 4-0

Moved by Ms. Demetrius to adjourn meeting at 6:11pm, seconded by Mr. Strange. Vote 5-0

M. CAS

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◇ 488 Chapin Street Ludlow, MA 01056 ◇ (413) 583-5600, ext. 1201, ◇ FAX: (413) 583 5603
◇ TTY (413) 583-5668 ◇ Email: selectmen@ludlow.ma.us ◇