



TOWN OF LUDLOW

MEMORANDUM

TO: Town Meeting Members

FROM: Jason Barroso
Chairman, Board of Selectmen

RE: FY2013 Revised Budget/Town Meeting Articles

DATE: June 11, 2012

As you are aware, the second night of Town Meeting will be held on Monday, June 18, 2012 beginning at 7:30 p.m. at the Exit 7 Theater.

The following five articles remain, requiring town meeting action.

- A. 5 - Budget
- A. 41 – Capital Improvements
- A. 42 – Reserve Fund
- A. 43 – Stabilization Fund
- A. 44 – Unreserved Fund

As a result of the increases in local aid and revenues that the town will receive which were not available at the time of the first town meeting, the Board of Selectmen with the Finance Committee recommend the following changes to the budget article, the capital improvement article and the stabilization article. A full analysis of the new recurring revenues and a strategic investment plan are outlined in the following pages of this memo.

A. 5 - Budget

The following departments have revised budget numbers. A full copy of the budget article will be provided the night of town meeting.

10 Information Technology: Personal Services	Requested 2013 \$64,089	Recommended 2013 \$70,115
18 Police Department Personal Services	\$2,863,887	\$2,963,887
41 Total School Department	\$25,408,208	\$25,708,208

A.41 Capital improvement

Changes to this article from the previous memo include the lease/purchase of an ambulance which will be paid from the Ambulance Subscription fund and Board of Selectmen recommends that an additional \$55,000 be added to the Capital Reserve for future use.

<u>Department</u>	<u>Description</u>	<u>Amount</u>
DPW	Harris Brook/Wade Dams Repair	\$15,000
School	School – IT Switches	\$25,000
Westover Golf	2 nd yr Lease (3 yr lease \$17,244 p.y.) Workman Greenmaster ProPass	\$17,244
Fire	Ambulance (4 yr Lease - \$48,112.82p.r) Equipment - \$20,000apprx	\$70,000
Town Total		\$ 127,244.

The Funding sources are as follows:

Surplus Overlay Funds	\$40,000	
Golf Retained Earnings	\$17,244	
Ambulance Subscription Fund (\$200,000)	\$70,000	
Capital Reserve	\$55,000	
	FY2013 Funding Sources	\$ 182,244.00

A. 43 – Stabilization Fund

The Board recommends that \$606,000 be added to the stabilization fund and be allocated as listed. These categories will become separate funds when established thru separate articles at the October Town Meeting.

Stabilization:	\$160,000
Building Infrastructure Reserve:	\$161,000
Property Tax Relief Fund:	\$125,000
FY13 Property Tax Stabilization:	\$70,000
Emergency Preparedness Fund:	\$90,000

Analysis

New Recurring Revenue Sources (not considered in original parameters):

Additional Local Aid:	\$189,000 ¹
Local Option Meals Tax:	\$90,000 ²
New Growth – Reliability Project:	\$440,000 ³
New Growth—Other:	\$260,000 ⁴
Additional Chapter 70:	\$114,000 ⁵
<i>Total New Recurring Revenue:</i>	<i>\$1,093,000</i>

Strategic Investments:

Capital Reserve:	\$55,000 ⁶
Stabilization:	\$160,000 ⁷
Building Infrastructure Reserve:	\$161,000 ⁸
Property Tax Relief Fund:	\$125,000 ⁹
Police Department:	\$100,000 ¹⁰
School Department:	\$300,000 ¹¹
FY13 Property Tax Stabilization	\$70,000 ¹²
Emergency Preparedness	\$90,000 ¹³

Total Strategic Investments: *\$1,061,000*

Identified Future Growth:

Local Option Meals Tax:	\$90,000
Health Insurance Reform:	\$300,000

Revenue Descriptions

¹**Additional Local Aid:** The Governor's budget included a local aid figure \$180,000 below what both the House and Senate approved in their respective budgets. The local aid figures are identical and as such are not open to change in conference committee.

²**Local Option Meals Tax:** This three quarters of one percent tax on meals approved at the first session of town meeting will net approximately \$90,000 for FY13. This estimate allows for implementation time and is 50% of what the town would likely see in a full year of collections.

³**New Growth – Reliability Project:** The ongoing transmission line project will bring in an additional \$440,000 this year in new personal property tax. This figure has been confirmed by the assessors' office and is noted on Northeast Utilities form of list for Tax Year 2013.

⁴**New Growth – Other:** The town, even during the worst of the recession, realizes property tax revenue from new growth. This new growth has never been under \$300,000; the original parameters did not incorporate any amount in new growth revenue, the figure used is 20% below the minimum.

⁵**Additional Chapter 70:** Similar to the additional local aid, the House and Senate budgets increased the Chapter 70 (school funding) figure by \$114,000. These funds are restricted and can only be used for the school budget.

Investment Descriptions

⁶**Capital Reserves:** \$55,000 would be set aside to address equipment and other capital costs.

⁷**Stabilization:** \$160,000 would be added to supplement the stabilization fund moving the town toward the goal of 5% – 10% in stabilization reserves.

⁸**Building Infrastructure Reserve:** \$161,000 would be set aside in a new fund for the purpose of assessing and addressing building infrastructure needs. Many town buildings are decades old and inevitably show the signs of their age. By addressing potential problems at an early stage, the town would more likely be able to avoid major or catastrophic problems that tend to be significantly more costly to fix.

⁹**Property Tax Relief Fund:** \$125,000 would be set aside in a new fund expressly for the purpose of mitigating property tax increases when unforeseen cost increases threaten to significantly impact the tax rate. Used correctly, this fund would blunt the recent "spikes" in taxes property owners have had to endure.

¹⁰ **Police Department:** This \$100,000 would be used to reinstate the School Resource Officer, address staffing issues as a result of long term absences and potentially hire two new officers towards the end of the fiscal year.

¹¹ **School Department:** \$300,000 would be appropriated to the school department to assist with mitigating the impact of cuts in federal funding for the upcoming year and be used to fund the reinstatement of approx. 8 teaching positions

¹² **FY13 Property Tax Stabilization:** \$70,000 would be used to further decrease property taxes for the upcoming year. Due to the mild winter, tight budget parameters, and significant savings in employee health care, the original proposed budget did not rely on any property taxes above last year's figures. These funds, along with any additional free cash used to subsidize the tax rate, will work to decrease the total amount of property tax upon which the town relies.

¹³ **Emergency Preparedness Fund:** \$90,000 would be utilized to fund recommendations stemming from the October 2011 storm. These recommendations are being finalized, but include communications redundancies, generators, and mobile stop signs.