



Town of Hudson

MASSACHUSETTS 01749-2134

To: Select Board
Finance Committee

From: Thomas Gregory

Date: February 10, 2025

Re: FY2026 Capital Program Recommendations

The purpose of the memorandum is to provide the Select Board and Finance Committee with information specific to capital funding recommendations for FY2026. In my January 13, 2025 FY2026 budget filing with the Select Board, I included all of the capital requests submitted by the departments advising that I would have funding recommendations prepared for the February 10, 2025 Select Board meeting. The full list of capital items recommended for funding is attached to the memorandum.

There are multiple funding sources that are being identified to fund the FY2026 capital program. The primary source is Free Cash, which is the customary pay-as-you-go funding source for most General Fund capital acquisitions and projects – these are voted as a block at the Annual Town Meeting each year. In addition, I am projecting that there will be sufficient funds in the retained earnings of the enterprise funds to support the specific capital requests of the enterprises.¹ The summary of recommended capital items by funding sources is shown below:

Funding Source	Amount
Free Cash	\$2,269,889
Water Retained Earnings	\$950,000
Sewer Retained Earnings	\$100,000
Stormwater Retained Earnings	\$400,000
Total:	\$3,719,889

I note that FY2024 Free Cash has not yet been certified. I expect certification to occur in March once the FY2024 balance sheet is finalized and submitted to the Department of Revenue (DOR). I am using a conservative Free Cash estimate to fund next year's capital program. I anticipate that I will have a reliable Free Cash estimate in February.

¹ Retained earnings are the equivalent of Free Cash to the enterprise funds. Retained earnings represent prior year department turnbacks along with revenue collected in excess of estimates.

The recommendations include a one-year hiatus on the Free Cash supplement to the Chapter 90 road improvement program given the competing capital demands across all of the departments this year. I am recommending that the Town begin appropriating funds to replace the Fire Department's aerial tower (a separate memo has been prepared on this subject). I am recommending continued investment in the Town's IT software with an upgrade to Microsoft Office Professional Plus. And, funds have been identified to replace three (3) police cruisers next year, which is consistent with the Police Department's recommendation for annual vehicle replacements. The remaining funding recommendations are outlined below.

In addition to the capital items shown on the chart below, I am also recommending that a separate article be included on the Warrant potentially to provide supplemental funding from Free Cash toward the design and construction of a new salt storage shed. The original plan to store salt with the new DPW facility involved re-purposing the existing transfer station when the new transfer station becomes operational. Due to the length of time involved in permitting for the new transfer station, the Building Committee approved a change order to include in the project scope the construction of a new salt storage shed. It is anticipated that the project contingency will cover most, if not all, of this expense. If there is a shortfall in the contingency, the proposed Warrant article will allow the Town to obtain the necessary funds.

I also note the request, in a separate Warrant article, to replenish the Stabilization Fund with the remaining funds associated with the MUNIS acquisition. At the Special Town Meeting in November 2023, \$1.21M was appropriated from the Stabilization Fund (Free Cash was not available at this time) so that this important project could commence in 2024. Last May, the first \$605,000 was transferred from Free Cash to the Stabilization Fund. I am recommending that Town Meeting transfer the remaining \$605,000 this May.

Capital requests that are not recommended for funding in FY2026 will be considered in a subsequent fiscal year.

I am available to answer any questions relative to these funding recommendations.

cc: Department Heads
Daniel Gale, Director of Finance and Operations, HPS
Brian Reagan, Superintendent of Schools

FY2026 CAPITAL PROGRAM FUNDING RECOMMENDATIONS

Department	Request	Dept Priority	Requested Amount	Funding Recommendation	Funding Source
DPW	Roadway Resurfacing	1	\$300,000	\$0	
	Wheeled Excavator	2	\$306,000	\$306,000	Free Cash
	International Dump Sander & Plow	3	\$190,000	\$190,000	Free Cash
	International Dump Sander & Plow	4	\$190,000	\$0	
	International Dump Sander & Plow	5	\$190,000	\$0	
	Street Sweeper (Stormwater Enterprise)		\$400,000	\$400,000	Retained Earnings
	Plant / Station Upgrades (Sewer Enterprise)		\$100,000	\$100,000	Retained Earnings
	Treatment Plant Upgrades (Water Enterprise)		\$200,000	\$200,000	Retained Earnings
	Well Replacement (Water Enterprise)		\$750,000	\$750,000	Retained Earnings
FIRE	Replacement of Tower 1	1	\$2,228,569	\$500,000	Free Cash
	Station #1 Building Repairs	2	TBD		
	Corrosion Repair: Eng 4, Eng 5, Rescue 1	3	\$77,500	\$77,500	Free Cash
	Replacement of Command Vehicle	4	\$85,000	\$0	
HEALTH	Department Vehicle	1	\$45,000	\$0	
IT	Microsoft Office Prof Plus - 150 Licenses	1	\$89,964	\$89,964	Free Cash
	Sentinel One IDR (Replacing Symantec)	2	\$45,000	\$0	
POLICE	Cruiser Replacements	1	\$233,000	\$233,000	Free Cash
	Mobile Computers	2	\$110,000	\$110,000	Free Cash
	Archive Video Storage	3	\$30,000	\$0	
RECREATION	Riverside Tennis Court Improvements	1	\$87,000	\$87,000	Free Cash
HPS	Replace (2) Boilers at Forest Ave School	1	\$410,000	\$410,000	Free Cash
	Bus Parking Lot Site Work	1	\$166,425	\$166,425	Free Cash
	District Wide Space Utilization Study	1	\$100,000	\$100,000	Free Cash
	Replace Auditorium Sound System	2	\$195,000	\$0	
	Replace Auditorium Lighting System	2	\$85,000	\$0	
TOTAL			\$6,613,458	\$3,719,889	

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