

OFFICE OF THE
EXECUTIVE ASSISTANT



Town of Hudson
78 Main Street
Hudson, MA 01749
Tel: 978-562-9963
Fax: 978-568-9641

tgregory@townofhudson.org

Town of Hudson

MASSACHUSETTS 01749-2134

October 6, 2023

To: Department Heads

From: Thomas Gregory

Re: FY2025 Budget Directive

The purpose of this memorandum is to provide guidance to you as you begin to assemble your operating and capital budget requests for the fiscal year beginning on July 1, 2024. Budget worksheets and other related materials are being distributed today via email along with this directive. I will reserve time during the Department Meeting next Tuesday to review these forms with you and to answer any questions. I also anticipate having a broader discussion about next year's budget. Budget submissions will be due to the Executive Assistant's office **by noon on October 27, 2023** and individual department meetings to review preliminary submissions will take place during the second week in November. The November Department Meeting will be moved to **November 21, 2023** at 10:00 AM to accommodate these budget meetings.

Personnel

All bargaining units, with the exception of the Firefighters, have successor collective bargaining agreements in place which include wage adjustments and, in some cases, other contractual items which will need to be funded in FY2025. Please make sure that your FY2025 personnel budgets reflect all of the negotiated cost items for your union employees. If you need assistance in this regard, both Fernanda and I will be available to you. I will be recommending a 2% general wage increase for non-union employees, so you may submit salary figures adjusted with this increase as part of your budget submission.

While I understand that the demands on your departments only increase each year, I do not anticipate being in a position to fund any new positions or to increase the hours of any part-time employees next year. However, I will attempt to identify funding to expand the new DPW Facilities Department in FY2025 to build on what was implemented this year. As you all know, the current economic picture still remains unsettled at best, to say nothing of the current state of affairs in Washington, DC.

Expenses

With regard to department expenses, the general objective is to maintain level municipal services next year. While the inflationary climate has begun to moderate, your budget request will need to anticipate potential increases. Any new request in your expenses will require a detailed justification and may not be included in the final FY2025 budget recommendation. I encourage all efforts to implement efficiencies and cost-saving measures wherever possible. Gas and diesel prices appear mostly to have stabilized having fallen from the highs of 2022, and I remain hopeful that the pension assessment and general insurance increases will be moderate. As you all know, the health insurance plan design changes implemented this year via G.L. Ch. 32B, Sections 21-22 include adjustments to the employer / employee premium contribution split. Next year's split on all plans will transition to 62.5% employer / 37.5% employee. And, I anticipate recommending another significant transfer from Free Cash into the Other Post-Employment Benefits (OPEB) Trust Fund next May.

Capital Requests

While the FY2023 Free Cash number has not yet been certified, I anticipate that approximately \$1.3M-\$1.4M will be available from Free Cash to fund capital expenditures next May. Capital requests for FY2025 must include specific quotes or estimates as backup. In addition to the FY2025 capital requests, please also identify your department's capital needs for the subsequent four (4) fiscal years. Any anticipated borrowing authorizations in FY2025 should be discussed with me in November.

I look forward to working with you in the coming months. Please do not hesitate to reach out to me with any questions or concerns.