



Town of Hudson

MASSACHUSETTS 01749-2134

To: Finance Committee

From: Thomas Gregory

Date: April 26, 2024

Re: Article 7 – Authorization to Appropriate from Insurance Recovery Account

Article 7 on the Annual Town Meeting Warrant requests that Town Meeting appropriate from the Insurance Recovery Account proceeds received as a result of a fire that occurred at the Public Works garage on February 14, 2024. At the time when the Warrant was signed by the Select Board, the Town’s insurance company had not finalized the total amount of the proceeds. Accordingly, Article 7, as posted, includes the phrase “a sum or sums of money.” When reviewing this article, the Finance Committee deferred action until Town Meeting.

This week we received the final figures for the proceeds broken out by category as shown in the chart below:

| Insurance Proceeds from February 14, 2024 DPW Fire | |
|-----------------------------------------------------------|-----------------|
| Vehicle Replacement | \$ 1,251,000.00 |
| Equipment Replacement | \$ 508,612.38 |
| Equipment Rental | \$ 83,800.00 |
| Building Replacement | \$ 1,186,879.60 |
| Initial Proceeds per statutory cap | \$ 150,000.00 |
| Total Insurance Proceeds | \$ 3,180,291.98 |
| Proceeds Requiring Town Meeting Appropriation | \$ 3,030,291.98 |

According to the Local Finance Opinion (LFO 2018-2) dated July 23, 2018 issued by the Division of Local Services, no appropriation is required to spend the proceeds for an insurance claim up to \$150,000; and, money received for an insurance claim or restitution in an amount greater than \$150,000 is available for appropriation [by the Town’s legislative body] for that restricted purpose until June 30th.

The chart above accounts for the first \$150,000 of insurance proceeds that have already been received by the Town. The balance, \$3,030,291.98, is the amount I am requesting that the Finance Committee reference when the Committee makes its recommendation at Town Meeting so that this article may be moved.

I appreciate the Committee's consideration of the request and am available to answer questions.

cc: Select Board
Neil Vaidya, Finance Director
Joan Wordell, Town Clerk
Eric Ryder, DPW Director
Richard Harrity, Moderator