

DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

How to Make Sharing and Regionalizing Services Work for You

Association of Town Finance Committees Annual Meeting

Outline

- Technical Assistance Bureau
- Community Compact Cabinet (CCC)
- How the CCC can facilitate shared services?

What is the Technical Assistance Bureau?

Advises cities and towns on opportunities to improve their financial management operations:

- Our project management team brings real-world experience and practical advice to every engagement.
- We collaborate with our colleagues in DLS, state agencies, regional planning agencies, and others.

TAB's mission

To provide communities with guidance and resources they need to strengthen core competencies and operate more efficiently and effectively.

- Develop and circulate best practice guidance and tools
- Promote strategic, long-term thinking and emerging innovations
- Encourage performance, accountability, and internal control standards
- Connect community leaders, managers, and administrators

What is the Community Compact Cabinet?

Best Practices – Year 3

Open to C/T that (1) haven't applied yet or (2) that applied in FY16

Administered in the same manner as FY16 + FY17, except a maximum of 2 best practices

Year-round program

Efficiency & Regionalization Grant – Year 2

Open to C/T, RSDs, RPAs and COG's. Also open to school districts exploring regionalization / shared services

Bonus points for CCC communities

Oct 16 open / Nov 16 close

IT Grant – Year 3

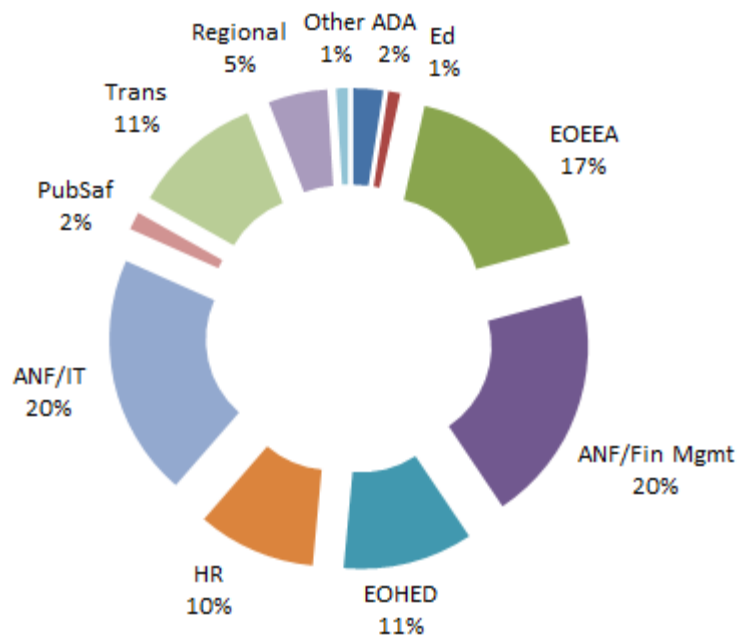
Open to C/T that (1) are Compact Communities by 1/1/18 and (2) were not awarded an IT grant in FY17

Jan 15 open / Feb 15 close

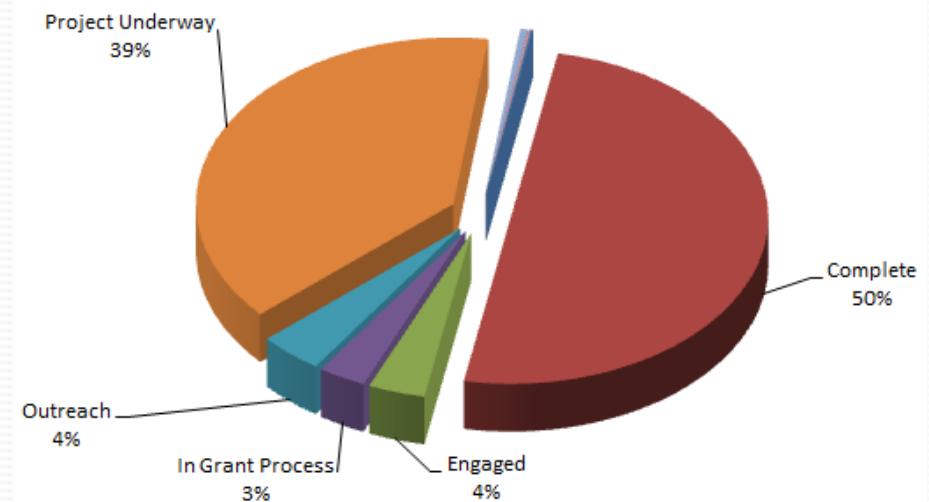
CCC Best Practice Grant

- Over 90 best practices across 11 areas, including education, financial management, housing and economic development, public safety, and technology.
- Today, 317 municipalities have applied for 735 total best practices.

Chosen Best Practices



Project Status



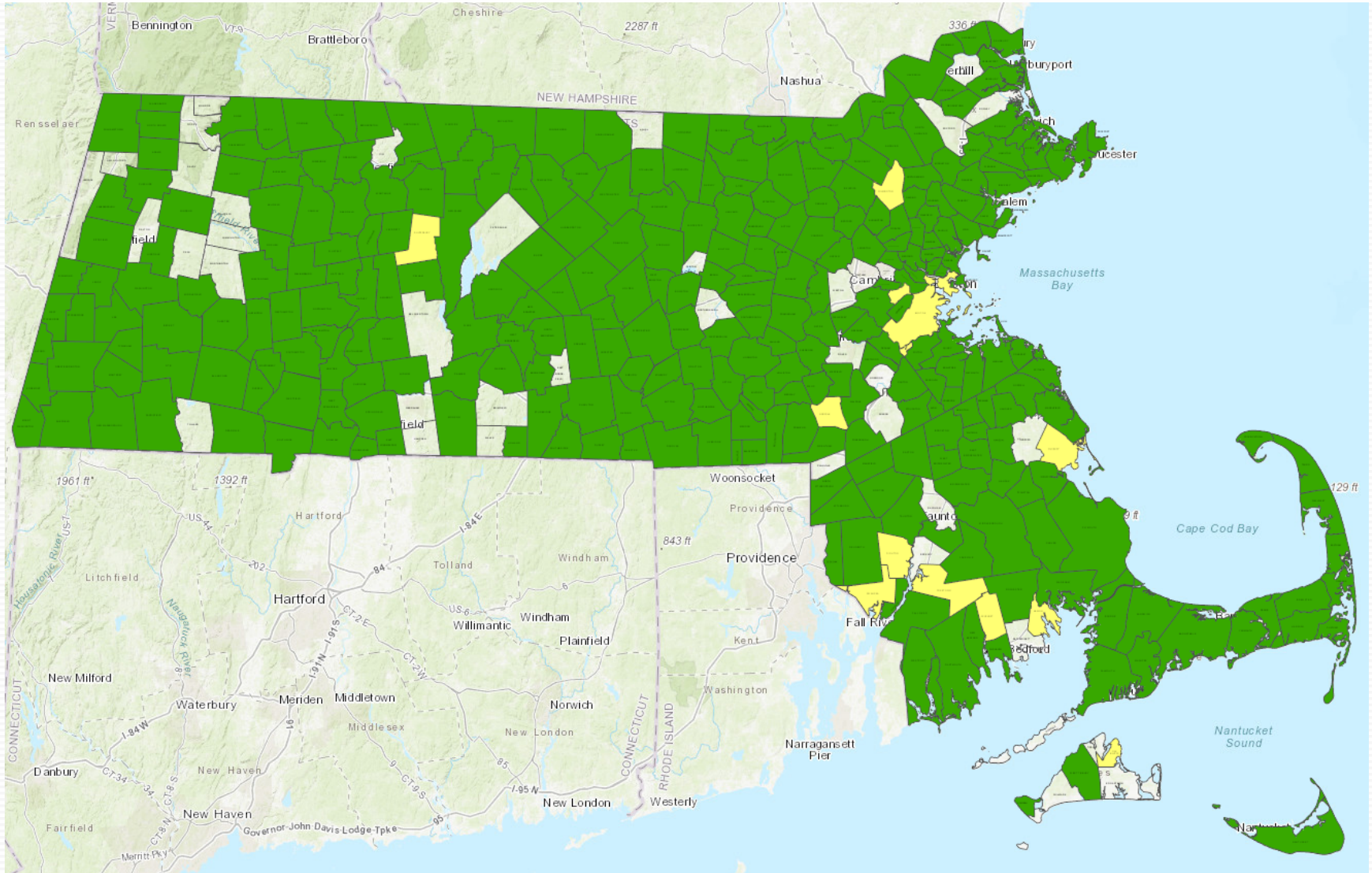
CCC IT Grant

- Competitive grant program focused on driving innovation and transformation at the local level via investments in technology.
- Provides up to \$200,000 to support implementation of innovative IT projects by funding related one-time capital needs, such as technology infrastructure, upgrades and/or purchases of equipment or software.
- In two years, 99 grants covering 134 municipalities were awarded, totaling \$4M.
 - FY16 = 52 grants covering 60 municipalities were awarded, totaling \$2M (\$16.6M in total requests)
 - In FY17 = 47 grants covering 74 municipalities were awarded, totaling \$2M (\$7.8M in total requests)

CCC Efficiency & Regionalization Grant

- Purpose is to provide financial support for government entities interested in implementing shared services and other efficiency initiatives that allow for long-term sustainability.
- Provide funds for one-time or transition costs for municipalities, school districts, regional planning agencies, and councils of governments.
- Bonus points awarded for Compact Communities.
- In FY17, 75 applications representing more than 240 municipalities and school districts requested a total of \$7.8M.
- Awards totaling \$2M covering more than 120 municipalities and school districts.

CCC communities



How can CCC facilitate shared services?

- Cover the *where, what, why, and how* of two shared services projects my team was involved with through the Community Compact initiative.
- Quick Disclaimer: This is what we recommended, not necessarily what was implemented locally....but I'll get into that.

Shared Chief Administrative Officer (CAO)

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LEE, LENOX & STOCKBRIDGE

IMPLEMENTATION PLAN FOR A SHARED CHIEF ADMINISTRATIVE OFFICER

NOVEMBER 2016



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- **Where?** Lee, Lenox, and Stockbridge
- **What?** Shared Chief Administrative Officer
- **Why?** Declining & Aging Populations, Increasing Costs, Turnover
- **How?** Intermunicipal Agreement

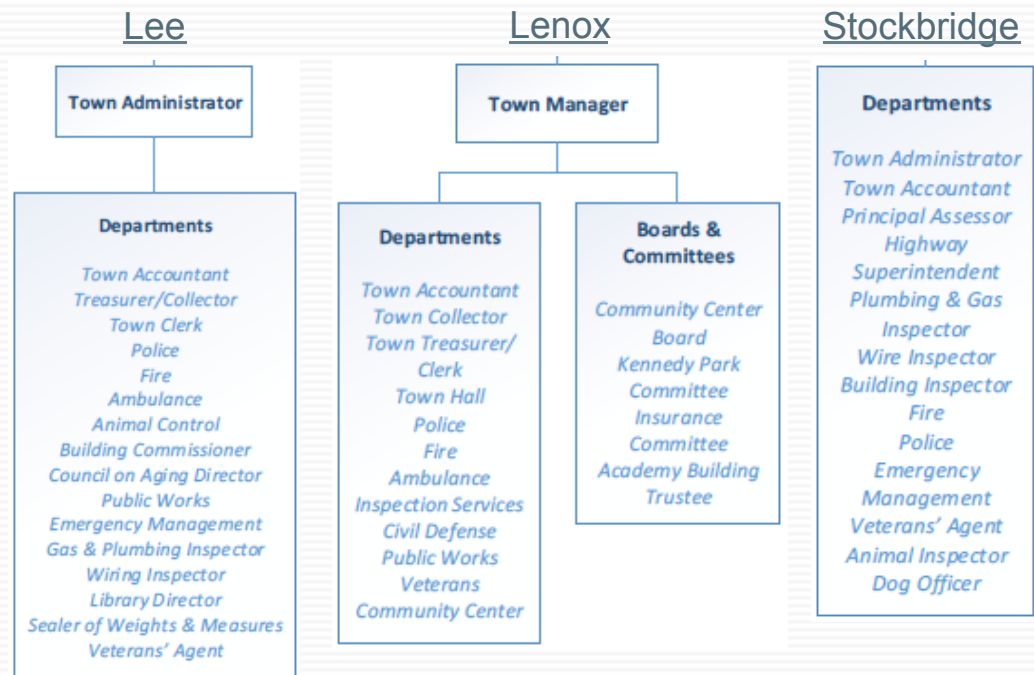
Where?

	Lee	Lenox	Stockbridge
Population	5,921	4,983	1,963
Total Budget	\$24,214,225	\$27,687,687	\$11,637,764
DOR Income Per Capita	\$26,385	\$42,790	\$33,630
Avg. Single-Family Home Value	\$252,492	\$385,957	\$504,095
Town Charter	Yes	Yes	No
Select Board	3 Members	5 Members	3 Members
Town Meeting	Representative	Open	Open
Strong CAO	Yes	Yes	No

What?

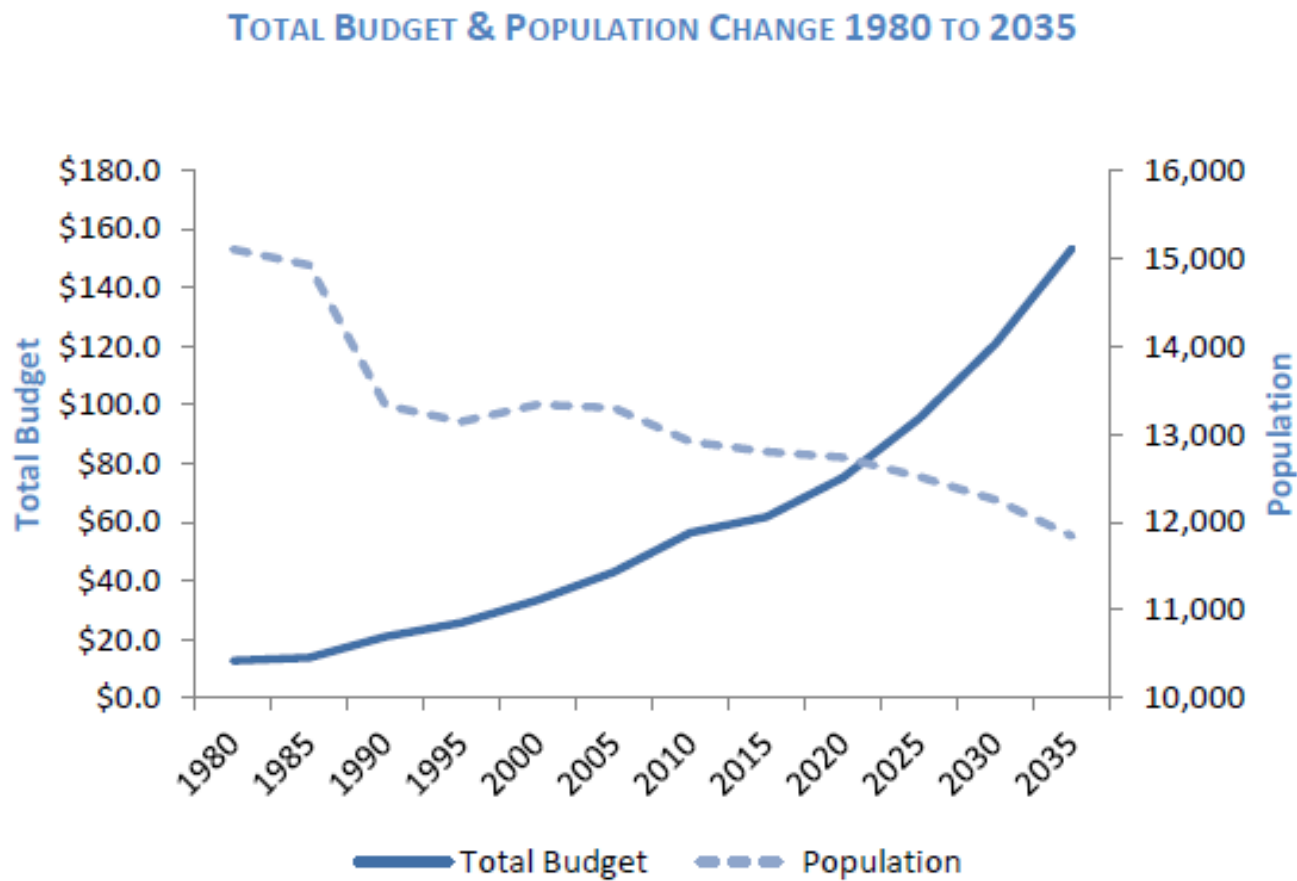
Implement a shared Chief Administrative Officer

- General Municipal Operations
- Budget and Capital Planning
- Policy Analysis and Guidance
- Procurement
- Human Resources

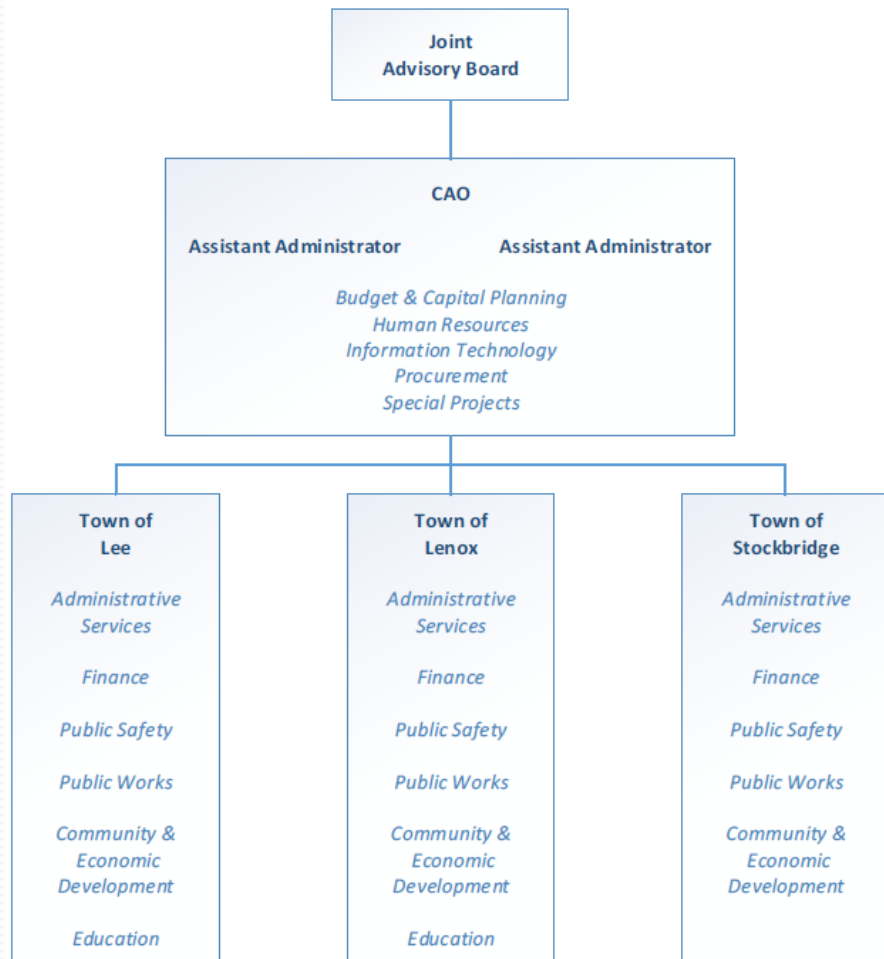


Why?

Unsustainable Trends: demographics, financial, and turnover



How?



Current Structure	Town of Lee
Town Administrator	
Salary	\$88,471
Benefits	30,965
Lee Total	\$119,436
	Town of Lenox
Town Manager	
Salary	\$110,000
Benefits	38,500
Lenox Total	\$148,500
	Town of Stockbridge
Town Administrator	
Salary	\$110,000
Benefits	38,500
Stockbridge Total	\$148,500
Total Current Structure	\$416,436

Proposed Structure	Shared CAO
Chief Administrative Officer	
Salary	\$125,000
Benefits	38,500
Assistant Administrator	
Salary	75,000
Benefits	26,250
Assistant Administrator	
Salary	75,000
Benefits	26,250
Legal	17,000
Supplies & Equipment	6,000
Other One-Time Startup Costs	5,500
Total Proposed Structure	\$394,500

Projected Savings	\$21,936
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Possible State Grant	\$200,000
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Net Savings (including state grant)	\$221,936
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*All Benefit costs are calculated using a factor of 1.35

How? Cont....

- Two-stage approach to implementation plan:
 - Stage One – Intermunicipal Agreement
 - File legislation resolving conflict of interest
 - Sign intermunicipal agreement

 - Stage Two – Special Act
 - Appoint shared CAO study committee (draft special act)
 - Hold special town meeting to authorize shared CAO legislation
 - File petition to form shared CAO
 - Ratify shared CAO special act
 - Appoint shared CAO search committee
 - Launch shared CAO structure

Shared Finance Operation

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HILLTOWN COLLABORATIVE

IMPLEMENTATION PLAN FOR A SHARED FINANCE OPERATION

A COMMUNITY COMPACT CABINET INITIATIVE

JUNE 2017



- *Where?* Blandford, Chester, Huntington, Middlefield, Montgomery, and Russell
- *What?* Shared Finance Operation
- *Why?* Declining & Aging Populations, Increasing Costs, Turnover
- *How?* Special Legislation

Where?

	Blandford	Chester	Huntington	Middlefield	Montgomery	Russell
Population	1,246	1,360	2,168	528	862	1,789
Total Budget	\$4,735,888	\$3,282,814	\$4,815,836	\$1,476,010	\$2,052,817	\$4,819,485
DOR Income Per Capita	\$28,307	\$21,642	\$28,742	\$17,181	40,771	24,110
Avg. Single-Family Home Value	\$211,641	\$158,523	\$192,259	\$192,278	\$257,988	\$183,911
Town Charter	No	No	No	No	No	No
Select Board	3 Members	3 Members	3 Members	3 Members	3 Members	3 Members
Town Meeting	Open	Open	Open	Open	Open	Open
Town Administrator	Yes	Yes	Yes	Yes	No	No
Elected Finance Positions*	No	Yes	No	No	Yes	No

*Excludes Boards of Assessors

What?

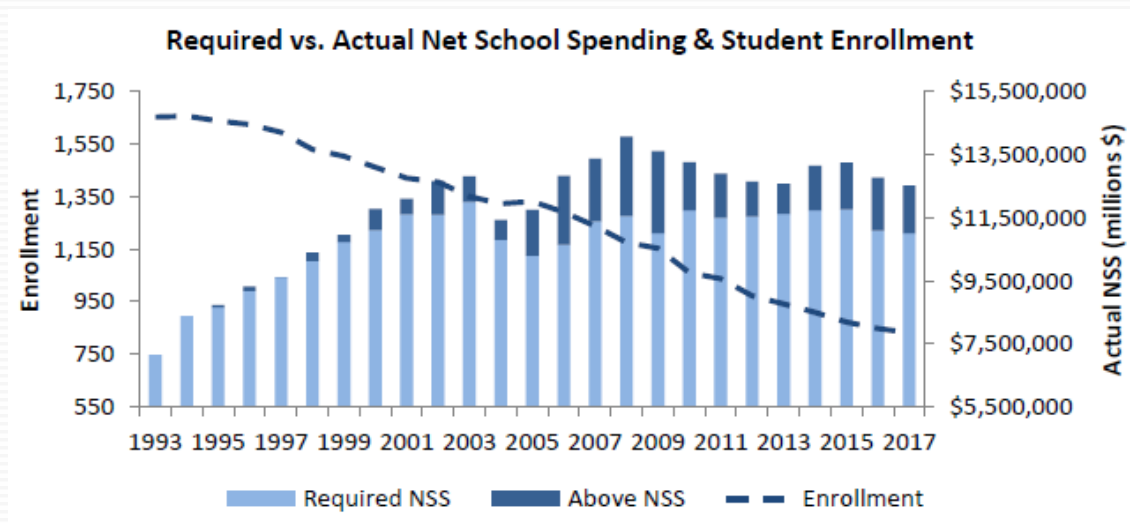
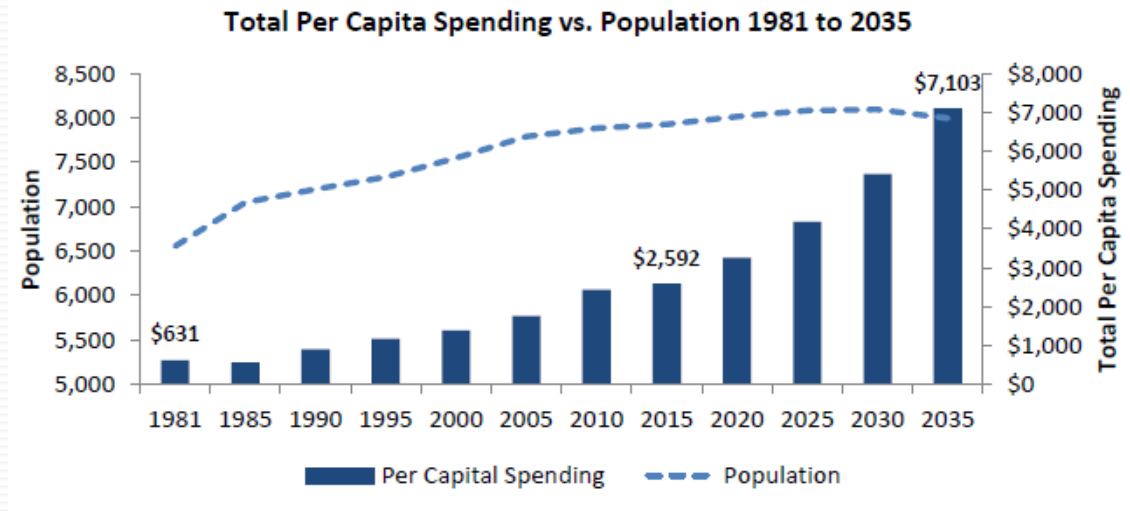
Implement a shared Finance Operations

- **Finance Director** – Advises boards & committees on financial matters, advises on budget & capital planning, conducts policy analysis, oversees annual reporting, other special projects
- **Accountant** – Maintains general ledger, prepares monthly revenue & expenditure reports, conducts internal audits, prepares annual reporting, oversees payroll & accounts payable warrants, manages procurement
- **Treasurer/Collector** – Custody of funds, oversees investments, monitors cash flow, receives departmental turnovers, supervises payroll, administers benefits, issues tax bills, processes collections, deposits funds, manages receivables
- **Assessor** – Determines real & personal property valuations, conducts property inspections, sets annual overlay & determines surplus, prepares valuation & commitment lists, administers excise, processes, abatements & exemption applications, upholds assessment administration standards

Why?

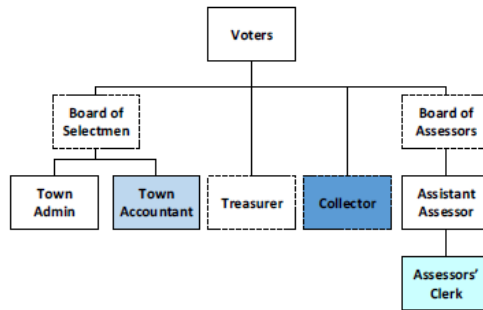
Unsustainable Trends:

- Demographic
- Financial
- Management
- Turnover

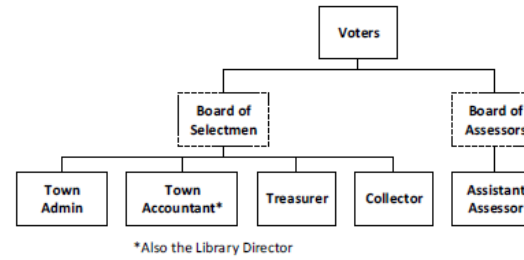


Why? Cont'd...

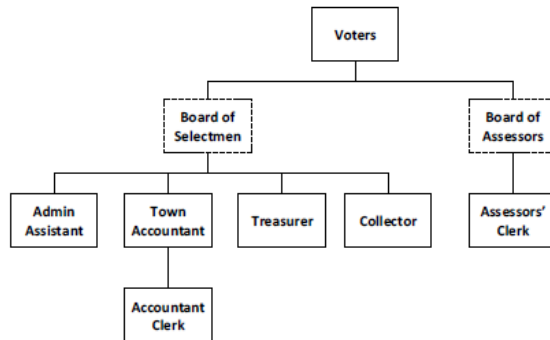
Chester



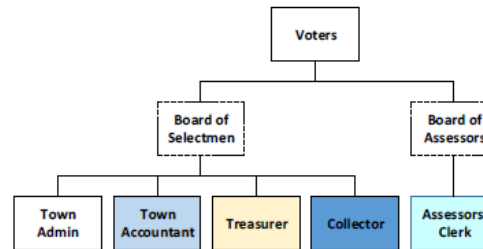
Blandford



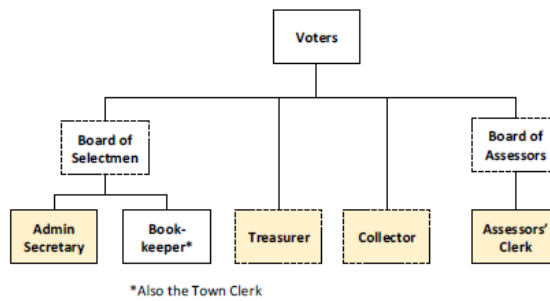
Huntington



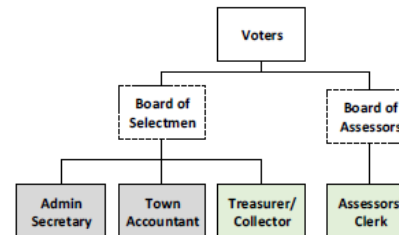
Middlefield



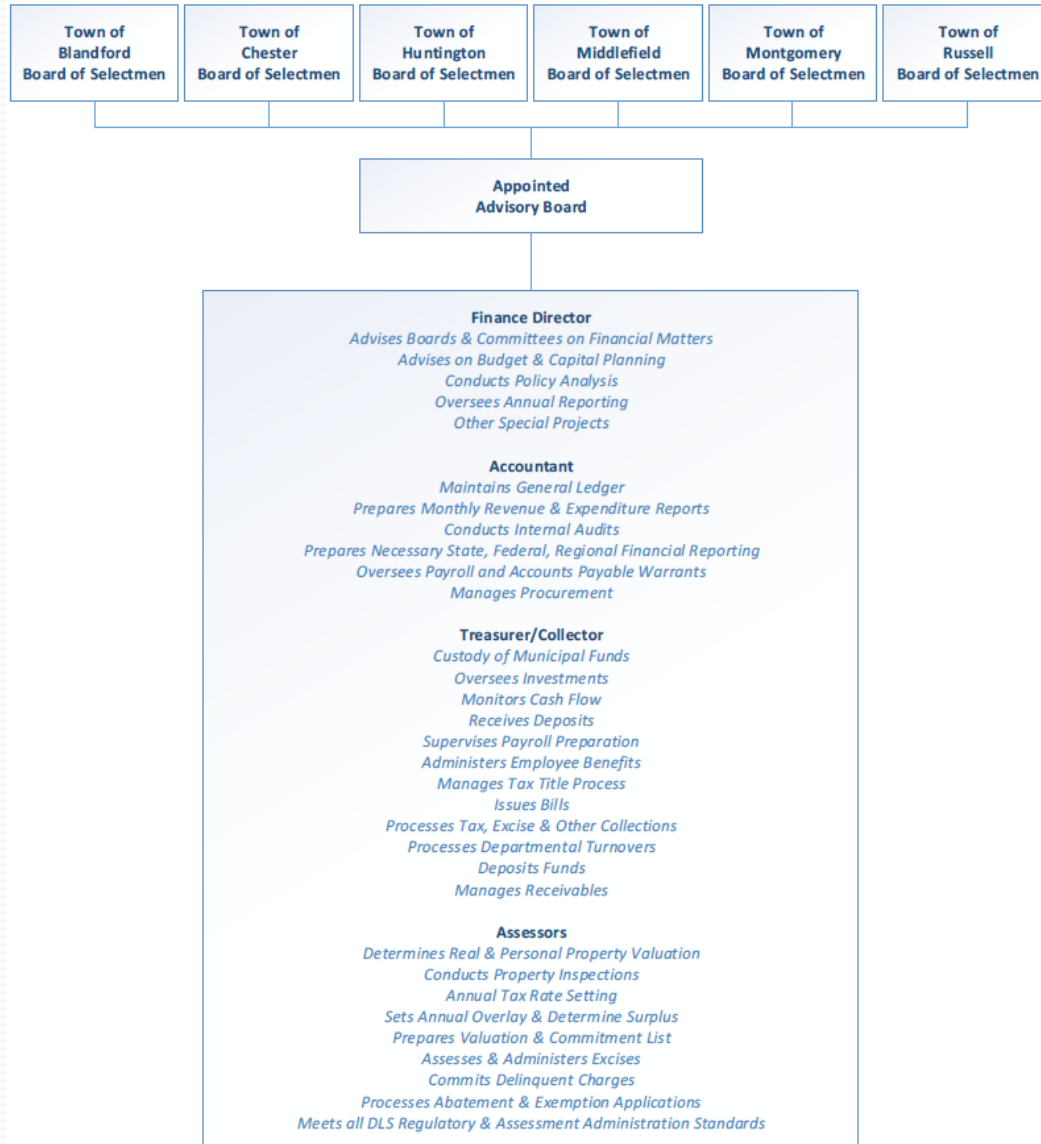
Montgomery



Russell



How?



How? Cont'd...

Current Annual Operating Costs	Blandford	Chester	Huntington	Middlefield	Montgomery	Russell	Total
Accountant Salary	\$17,937	\$14,613	\$19,156	\$9,360	\$11,275	\$23,376	\$95,717
Accountant Expenses	20,600	15,000	10,500	13,700	140	29,750	89,690
Total Accountant	38,537	29,613	29,656	23,060	11,415	53,126	185,407
Assessors Salary	19,713	36,104	18,365	14,400	7,870	24,585	121,037
Assessors Expenses	21,495	10,200	8,200	5,410	4,200	16,200	65,705
Total Assessors	41,208	46,304	26,565	19,810	12,070	40,785	186,742
Treasurer Salary	17,180	10,560	17,798	9,360	8,710	11,042	74,650
Treasurer Expenses	21,150	19,000	10,600	15,500	6,150	4,000	76,400
Total Treasurer	38,330	29,560	28,398	24,860	14,860	15,042	151,050
Collector Salary	14,366	17,665	22,629	10,200	11,024	16,434	92,318
Collector Expenses	22,526	6,500	5,500	5,100	2,200	3,500	45,326
Total Collector	36,892	24,165	28,129	15,300	13,224	19,934	137,644
Technology	39,000	7,460	25,695	7,550	16,406	27,400	123,511
Total Technology	39,000	7,460	25,695	7,550	16,406	27,400	123,511
Total Current Operating Costs	\$193,967	\$137,102	\$138,443	\$90,580	\$67,975	\$156,287	\$784,354

Proposed Annual Operating Costs	Blandford	Chester	Huntington	Middlefield	Montgomery	Russell	Total
Accounting, Procurement & Finance Director Services	\$21,020	\$14,858	\$15,003	\$9,816	\$7,366	\$16,937	\$85,000
Annual Audits	8,655	6,118	6,178	4,042	3,033	6,974	35,000
Actuarial Valuations	1,236	874	883	577	433	996	5,000
AP/Payroll Services	14,838	10,488	10,590	6,929	5,200	11,955	60,000
Total Accounting	45,750	32,337	32,654	21,364	16,033	36,862	185,000
Assessing Services	19,784	13,984	14,120	9,239	6,933	15,940	80,000
Total Assessing	19,784	13,984	14,120	9,239	6,933	15,940	80,000
Treasurer/Collector Services	17,311	12,236	12,355	8,084	6,066	13,948	70,000
Tax Title/Deputy Collector	6,182	4,370	4,413	2,887	2,167	4,981	25,000
Billing	2,473	1,748	1,765	1,155	867	1,993	10,000
Total Treasurer/Collector	25,966	18,354	18,533	12,126	9,100	20,922	105,000
Technology Services	12,365	8,740	8,825	5,774	4,333	9,963	50,000
Computerize Mass Appraisal Software	1,484	1,049	1,059	693	520	1,196	6,000
Financial Management Software	12,365	8,740	8,825	5,774	4,333	9,963	50,000
Payroll Software	3,709	2,622	2,648	1,732	1,300	2,989	15,000
Lifecycle Capital Replacement	3,709	2,622	2,648	1,732	1,300	2,989	15,000
Total Technology	33,632	23,772	24,005	15,706	11,786	27,099	136,000
Total Legal Services	2,473	1,748	1,765	1,155	867	1,993	10,000
Total Contingency	7,419	5,244	5,295	3,465	2,600	5,978	30,000
Total Proposed Operating Costs	\$132,550	\$93,691	\$94,607	\$61,899	\$46,452	\$106,801	\$536,000

Total Projected Savings	\$61,417	\$43,411	\$43,836	\$28,681	\$21,523	\$49,486	\$248,354
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Notes: Very few, if any, Hilltown financial staff receive health insurance or related benefits, so these expenses are not included in the current operating costs or projected savings.
Russell's four enterprise funds annually reimburse the general fund \$20k for services provided by the town accountant, treasurer, and collector.

How? Cont'd...

➤ Two-stage approach to implementation plan:

- Stage A – Restructuring Operations
 - Appoint shared study committee
 - Authorize special legislation
 - File petition to form shared service
 - Ratify shared service

- Stage B – Sourcing Services and Conversion
 - Appoint strategic sourcing team
 - Draft and issue request for quotes
 - Review and evaluate proposals
 - Negotiate and sign contract
 - Convert to new structure

Lessons Learned

- **Strong Partnership** – Form a collaboration among like-minded communities to facilitate discussions around shared services.
- **Preserve Individual Identity** – Ease fears that shared services are a threat to town identity or will somehow snowball to dissolution.
- **Timing is Everything** – Anticipate opportunities around retirements or other personnel changes.
- **Increase Effectiveness, Not Necessarily Save Money** – Be motivated to increase the overall efficiency and effectiveness of operations and not by cost savings, which may or may not materialize.
- **Explore Something New** – Be thoughtful, but fearless. Seek opportunities to reshape how municipal services are delivered more efficiently and effectively.

Questions?

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