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.
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)

- **Where?** Lee, Lenox, and Stockbridge
- **What?** Shared Chief Administrative Officer
- **Why?** Declining & Aging Populations, Increasing Costs, Turnover
- **How?** Intermunicipal Agreement
<table>
<thead>
<tr>
<th></th>
<th>Lee</th>
<th>Lenox</th>
<th>Stockbridge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>5,921</td>
<td>4,983</td>
<td>1,963</td>
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<tr>
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<td>DOR Income Per Capita</td>
<td>$26,385</td>
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<td>$252,492</td>
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<tr>
<td>Town Charter</td>
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<td>Select Board</td>
<td>3 Members</td>
<td>5 Members</td>
<td>3 Members</td>
</tr>
<tr>
<td>Town Meeting</td>
<td>Representative</td>
<td>Open</td>
<td>Open</td>
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<tr>
<td>Strong CAO</td>
<td>Yes</td>
<td>Yes</td>
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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**

<table>
<thead>
<tr>
<th>Town of Lee</th>
<th>Town of Lenox</th>
<th>Town of Stockbridge</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Town Administrator</strong></td>
<td><strong>Salary</strong></td>
<td><strong>$88,471</strong></td>
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<td><strong>Benefits</strong></td>
<td><strong>$30,965</strong></td>
<td><strong>$38,500</strong></td>
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<td><strong>Lee Total</strong></td>
<td><strong>$119,436</strong></td>
<td><strong>$148,500</strong></td>
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<tr>
<td><strong>Town of Lenox</strong></td>
<td><strong>Salary</strong></td>
<td><strong>$110,000</strong></td>
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<tr>
<td><strong>Benefits</strong></td>
<td><strong>$38,500</strong></td>
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<td><strong>Lee Total</strong></td>
<td><strong>$148,500</strong></td>
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<td><strong>Total Current Structure</strong></td>
<td><strong>$416,436</strong></td>
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**Proposed Structure**

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<tr>
<th>Shared CAO</th>
<th><strong>Chief Administrative Officer</strong></th>
<th><strong>Salary</strong></th>
<th><strong>$125,000</strong></th>
<th><strong>Benefits</strong></th>
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<tbody>
<tr>
<td>Assistant Administrator</td>
<td><strong>Salary</strong></td>
<td><strong>75,000</strong></td>
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<td>Assistant Administrator</td>
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<td><strong>Benefits</strong></td>
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<td><strong>Legal</strong></td>
<td><strong>17,000</strong></td>
<td><strong>Supplies &amp; Equipment</strong></td>
<td><strong>6,000</strong></td>
<td><strong>Other One-Time Startup Costs</strong></td>
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<td><strong>Total Proposed Structure</strong></td>
<td><strong>$394,500</strong></td>
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</table>

**Projected Savings** | **$21,938** |
| **Possible State Grant** | **$200,000** |
| **Net Savings (including state grant)** | **$221,938** |

*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

- Where? Blandford, Chester, Huntington, Middlefield, Montgomery, and Russell
- What? Shared Finance Operation
- Why? Declining & Aging Populations, Increasing Costs, Turnover
- How? Special Legislation
<table>
<thead>
<tr>
<th></th>
<th>Blandford</th>
<th>Chester</th>
<th>Huntington</th>
<th>Middlefield</th>
<th>Montgomery</th>
<th>Russell</th>
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</thead>
<tbody>
<tr>
<td>Population</td>
<td>1,246</td>
<td>1,360</td>
<td>2,168</td>
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<td>DOR Income Per Capita</td>
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<tr>
<td>Select Board</td>
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<td>3 Members</td>
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<td>3 Members</td>
<td>3 Members</td>
<td>3 Members</td>
</tr>
<tr>
<td>Town Meeting</td>
<td>Open</td>
<td>Open</td>
<td>Open</td>
<td>Open</td>
<td>Open</td>
<td>Open</td>
</tr>
<tr>
<td>Town Administrator</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
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<td>Elected Finance Positions*</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
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*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
Unsustainable Trends:

- Demographic
- Financial
- Management
- Turnover
Why? Cont’d…

- Chester
  - Voters
  - Board of Selectmen
    - Town Admin
    - Town Accountant
    - Treasurer
    - Collector
    - Assistant Assessor
    - Assessors' Clerk

- Blandford
  - Voters
  - Board of Selectmen
    - Town Admin
    - Town Accountant*
    - Treasurer
    - Collector
    - Assistant Assessor
  - *Also the Library Director

- Huntington
  - Voters
  - Board of Selectmen
    - Admin Assistant
    - Town Accountant
    - Treasurer
    - Collector
    - Accountant Clerk
    - Assessors' Clerk

- Middlefield
  - Voters
  - Board of Selectmen
    - Town Admin
    - Town Accountant
    - Treasurer
    - Collector
    - Assessors' Clerk

- Montgomery
  - Voters
  - Board of Selectmen
    - Admin Secretary
    - Bookkeeper*
    - Treasurer
    - Collector
    - Assessors' Clerk
  - *Also the Town Clerk

- Russell
  - Voters
  - Board of Selectmen
    - Admin Secretary
    - Town Accountant
    - Treasurer/Collector
    - Assessors' Clerk
How?

Appointed Advisory Board

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 Necessary State, Federal, Regional Financial Reporting
- Oversees Payroll and Accounts Payable Warrants
- Manages Procurement

Treasurer/Collector
- Custody of Municipal Funds
- Oversees Investments
- Monitors Cash Flow
- Receives Deposits
- Supervises Payroll Preparation
- Administers Employee Benefits
- Manages Tax Title Process
- Issues Bills
- Processes Tax, Excise & Other Collections
- Processes Departmental Turnovers
- Deposits Funds
- Manages Receivables

Assessors
- Determines Real & Personal Property Valuation
- Conducts Property Inspections
- Annual Tax Rate Setting
- Sets Annual Overlay & Determine Surplus
- Prepares Valuation & Commitment List
- Assesses & Administers Excises
- Commits Delinquent Charges
- Processes Abatement & Exemption Applications
- Meets all DLS Regulatory & Assessment Administration Standards
<table>
<thead>
<tr>
<th>Current Annual Operating Costs</th>
<th>Blandford</th>
<th>Chester</th>
<th>Huntington</th>
<th>Middlefield</th>
<th>Montgomery</th>
<th>Russell</th>
<th>Total</th>
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<tbody>
<tr>
<td>Accountant Salary</td>
<td>$17,937</td>
<td>$14,613</td>
<td>$19,156</td>
<td>$9,360</td>
<td>$11,275</td>
<td>$23,376</td>
<td>$95,717</td>
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<td>Accountant Expenses</td>
<td>20,600</td>
<td>15,000</td>
<td>10,500</td>
<td>13,700</td>
<td>140</td>
<td>29,750</td>
<td>89,690</td>
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<td>29,613</td>
<td>29,656</td>
<td>23,060</td>
<td>11,415</td>
<td>53,126</td>
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<td>Assessors Salary</td>
<td>19,713</td>
<td>36,104</td>
<td>18,365</td>
<td>14,400</td>
<td>7,870</td>
<td>24,585</td>
<td>121,037</td>
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<td>Assessors Expenses</td>
<td>21,495</td>
<td>10,200</td>
<td>8,200</td>
<td>5,410</td>
<td>4,200</td>
<td>16,200</td>
<td>65,705</td>
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<td>Total Assessors</td>
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<td>46,304</td>
<td>26,565</td>
<td>19,810</td>
<td>12,070</td>
<td>40,785</td>
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<td>Treasurer Salary</td>
<td>17,180</td>
<td>10,560</td>
<td>17,788</td>
<td>9,360</td>
<td>8,710</td>
<td>11,042</td>
<td>74,650</td>
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<td>21,150</td>
<td>19,000</td>
<td>10,600</td>
<td>15,500</td>
<td>6,150</td>
<td>4,000</td>
<td>76,400</td>
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<td>Total Treasurer</td>
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<td>29,560</td>
<td>28,398</td>
<td>24,860</td>
<td>14,860</td>
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<td>Collector Salary</td>
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<td>17,665</td>
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<td>11,024</td>
<td>16,434</td>
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<td>5,100</td>
<td>2,200</td>
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<td>Total Collector</td>
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<td>25,695</td>
<td>7,550</td>
<td>16,406</td>
<td>27,400</td>
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<td>Total Technology</td>
<td>39,000</td>
<td>7,460</td>
<td>25,695</td>
<td>7,550</td>
<td>16,406</td>
<td>27,400</td>
<td>123,511</td>
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<td><strong>Total Current Operating Costs</strong></td>
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<thead>
<tr>
<th>Proposed Annual Operating Costs</th>
<th>Blandford</th>
<th>Chester</th>
<th>Huntington</th>
<th>Middlefield</th>
<th>Montgomery</th>
<th>Russell</th>
<th>Total</th>
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<tr>
<td>Accounting, Procurement &amp; Finance Director Services</td>
<td>$21,020</td>
<td>$14,858</td>
<td>$15,003</td>
<td>$9,816</td>
<td>$7,366</td>
<td>$16,937</td>
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<td>Annual Audits</td>
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<td>Actuarial Valuations</td>
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<td>883</td>
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<td>AP/Payroll Services</td>
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<td>Treasurer/Collector Services</td>
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<td>8,084</td>
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<td>Tax Title/Deputy Collector</td>
<td>6,182</td>
<td>4,370</td>
<td>4,413</td>
<td>2,837</td>
<td>2,167</td>
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<td>Billing</td>
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<td>1,765</td>
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<td>Total Treasurer/Collector</td>
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<td>18,354</td>
<td>18,533</td>
<td>12,126</td>
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<td>Technology Services</td>
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<td>8,740</td>
<td>8,825</td>
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<td>4,333</td>
<td>9,963</td>
<td>50,000</td>
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<td>Payroll Software</td>
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<td>2,889</td>
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<td>Lifecycle Capital Replacement</td>
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<td>2,622</td>
<td>2,648</td>
<td>1,712</td>
<td>1,300</td>
<td>2,889</td>
<td>15,000</td>
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<tr>
<td>Total Technology</td>
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<td>15,706</td>
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<td>867</td>
<td>1,993</td>
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<td><strong>$536,000</strong></td>
</tr>
</tbody>
</table>

| Total Projected Savings          | $61,417   | $49,411  | $43,836    | $20,681     | $21,523    | $49,496 | $248,354 |

Notes: Easily vary if any. Milltown Financial staff receive health insurance or related benefits, so these expenses are not included in the current operating costs or projected savings.
Russell’s for enterprise funds is usually reimburse the general fund $2,150 for services provided by the town accountant, treasurer, and collector.
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 Identify** – Ease fears that shared services are a threat to town identify 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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