

# Regionalization Tool Kit Opening Session





## Merger Analysis: Getting Started

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- Complete analysis in current time, i.e., as if the merged town existed today
- Identify and gather resources
- Set-up side-by-side town comparison
- Assign characteristics of merged town
- Create line-item budget for the merged town
- Calculate financial impacts



# Resources

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- Annual operating and capital budgets
- Payroll warrants
- Annual town reports
- Inventories: facilities, vehicles, equipment, software
- Collective bargaining agreements and personal service contracts
- Charter, by-laws, special acts, local acceptance laws



# Comparison Process

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- Determine organizational structure
- Determine staffing levels, boards and committees
- Assign salaries, wages, stipends to paid positions
- Assign average benefit costs
- Estimate departmental expenses and other costs
- Make decisions on facilities, vehicles, equipment, software



# Financial Impact

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- Calculate overall dollar savings
- Calculate new tax rate for the merged town
- Calculate new tax bill for each town's residents in the merged town
- Calculate dollar savings needed to avoid a tax increase for all residents



## Calculate Overall Dollar Savings

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- The current fiscal year budgets of the individual towns, added together
  - *minus*
- The projected budget of the merged town



## Calculate New Tax Rate

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- The actual tax levy of the individual towns, added together
  - *minus projected overall dollar savings*
  - *divided by*
- Total assessed value of the individual towns, combined
  - *times 1,000*



# Calculate New Tax Bill Increase/Decrease

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- New tax rate for the merged town
  - *times*
- The average assessed value of a single family residence in each individual town
  - *divided by 1,000*
  - *subtracted from*
- The average single family residence tax bill for each town prior to the merger



## Calculate Hold Harmless Savings

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- To determine overall dollar savings needed to avoid a tax bill increase for all residents:
- Recalculate the new tax rate for the merged town
- In the calculation, increase the projected overall dollar savings and deduct from the combined levy until resulting tax rate is equal to, or less than, the lower tax rate of the former two towns.



# Merger Process

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- Joint government study committee to draft proposed charter (government organization)
- Town meetings approve charter proposal
- Set-up joint transition planning committees
- Legislature, town voters, AG approve charter
- Enter year of transition



# Legal Authority to Regionalize Services

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- Numerous statutory provisions exist currently
- Most are specific to a particular type of service and some have limitations
- Inter-municipal agreements can apply to any service and offer the most flexibility
- In a union environment, changes in the terms and conditions of employment must be bargained



## Choose Your Partner Wisely

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- Resident demands and expectations regarding service levels
- Demographics, workload/working conditions and level of services currently delivered
- Relative spending levels
- Geographical barriers and location of facilities



# Favorable Conditions for Regionalizing

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- Vacancies in key positions within departments
- Fiscal conditions prompt new perspective on how to efficiently deliver services
- Past track record of successful collaboration
- Salaries and benefits are comparable
- Location of existing facilities is advantageous



# Getting Started on the Analysis

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- Need detailed budget data: direct and indirect costs and number of positions and rank
- Union contracts, types of compensation, salary schedules and years of service
- Employee benefits (vacation, sick leave etc.), health insurance enrollment and cost data
- Facility operating costs and debt schedules



# Analyzing Service Levels

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- Current staff schedules and existing coverage
- Number of calls, analysis of response times and determination of necessary staff
- Impact on response time with regional facility
- Bottom line: savings or enhanced services for same money



# Equalizing Salaries and Benefits

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- Not necessarily the “best of the best”, may be cost prohibitive
- Yet all employees need to realize some benefit to achieve new labor agreement
- Spreadsheet analysis of total compensation from all sources
- Amounts added to equalize salaries and benefits



# Allocating Costs

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- Need for stability and equity over the long term (population, property values)
- Can be determining factor in success or failure of regional agreement
- Savings calculations highly sensitive to allocation method
- Inter-municipal agreements afford flexibility in how costs are allocated



# Inter-Municipal Agreements

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- M.G.L. c.40, s.4A
- *City & Town*, December 2008, by Laura Schumacher, MAPC - [www.mass.gov/dls](http://www.mass.gov/dls) to Quick Links
- Approval by selectmen in towns; by mayor and city council in cities
  - Formal Contracts (i.e., vendor contract)
  - Joint Service Agreements (i.e., shared operation)
  - Service Exchange Agreements (i.e., mutual aid)



## IMA – Part I: General Terms

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- The parties and their standing (i.e., Host, Vendor)
- The date of the agreement and term (25 years max)
- General statement of the agreement purpose
- Parties' rights to amend and terminate the agreement
- Severability clause
- Recipient and address of official notices



## IMA – Part II: Operational Provisions

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- Clear and complete statement of shared services to be performed; time of performance
- Identification of who will perform the services and manage staff
- Statement of reporting relationships; filling vacancies
- Work location of the department and ownership of assets
- Means of communication and dispute resolution



## IMA – Part III: Finance Related Terms

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- Clear statement of costs to be shared
- Statement of how costs will be determined
- Budget approval and description of cost allocation basis
- Payment methodology
- Insurance and indemnification obligations



## IMA – Part IV: Financial Safeguards

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- Accurate, comprehensive records
- Financial audit
- Performance bonds
- Periodic financial reports
- Other statutory financial procedures to follow



# Host Agencies

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- Wide range of services
- Staff infrastructure and administration in place
- Ability to grow into new roles
- Responsible for supervision and personnel issues
- Cities and Towns pay one or both:
  - Annual assessment
  - Charge for service used
- Can include: county governments, RPAs, COGs, educational collaboratives, community development corporations



# Community Software Consortium

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- Organized under IMA Act
- Governed by elected board from 75 member communities
- Jointly purchase services
- Funded by dues and state involvement as consultant
- Technology focus
  - CAMA support – state assessing software
  - IT services
- Tier System
  - Services selected by member subgroups
- [www.csc-ma.us](http://www.csc-ma.us)