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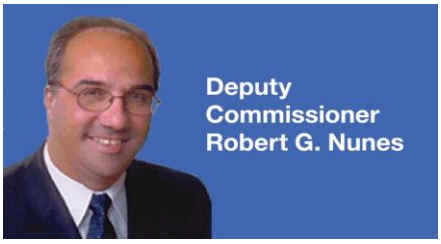
City & Town

Amy Pitter, Commissioner • Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs



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***City & Town* is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.**

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Have a question? *Ask DLS*.

At the Division of Local Services, our staff prides itself on its professionalism and accessibility. We interact frequently with local officials and municipal staff through our bureaus on a variety of subject matter areas from financial regulations and requirements to technical support and from legal opinions to municipal assessment of property. Often, the questions we receive are generated at the local level, but applicable to any number of cities and towns.

As part of our ongoing efforts to promote stakeholder engagement and provide helpful information, I'm pleased to announce a new feature in *City and Town* called *Ask DLS*.

Each month, we'll present a frequently asked question, topic or matter that highlights an inquiry or general point of interest we think you may find helpful. Using an example or common situation, we'll address the topic and provide an answer, guidance or link to additional information.

In order to do this, we want to hear from you.

If you have a policy question or procedural issue you're facing that you think may benefit other communities and you'd like to share it, please submit it to us at

cityandtown@dor.state.ma.us.
If you prefer not to be identified, please indicate that when submitting your question.

We'll be picking one topic each month and posting it in the next edition of *City and Town*.

We look forward to hearing from you.

Robert G. Nunes
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Shared Remote-Access IT Director for Small Towns (a.k.a. Hiring Someone to Worry at an Affordable Price)

By David Davies, Director of Information Technology

A survey in 2010 showed, among other findings that Massachusetts small towns

- Have no information technology staffing;
- Are not confident that essential financial and management data are secure; and
- Rarely have adopted and tested disaster recovery plans or data privacy protection policies.

On top of these issues, small-medium sized towns, which constitute the majority of communities in the state, have no formal representation of their needs and interests in state, regional, and local meetings on technology initiatives.

DLS IT staff has been working with leadership of the Community Software Consortium (CSC) which is developing a six point cloud development initiative. One of these "points" proposes that changing technology now makes it practical and affordable for the smallest communities to have someone who can

- Protect their data
- Reduce the risk associated with not having necessary IT plans and policies in place.

Remote computer management tailored to the realities of small towns is the proposed solution. If remote access software and automated data storage in "the cloud" would eliminate the need for on-site presence, a couple of persons or one designated firm could arguably be the IT Director(s) for hundreds of small communities at an affordable price.

What is affordable for towns with less than 3,000 residents (75 communities or 21% of all cities and towns)? Something on the order of $1,000 per year.

That person or persons wouldn't fix the printer, run cable, explain Windows features, post minutes on the town website, or do other things in Town Hall. But computers, laptops, tablets, cellphones and all have become consumer commodities: largely interchangeable, cheap, and easy to use. It's the town's data and its use and protection that should concern local officials. All the rest is secondary.

A serious data protection problem exists in small towns. We think we now have a practical way to solve that problem if small town leadership responds.

The Problem:
Data in most Massachusetts towns are seriously at risk. The majority of Massachusetts municipalities have no information technology staffing in which someone is responsible for day-to-day protection of the data upon which the communities' operations and finances depend. Some towns may have contracted consultants who resolve hardware, network, and operating system problems upon request. But typically most communities rely on the good intentions and limited technical expertise of departmental staff for such crucial functions as data backup, anti-virus protection, and data privacy policy development. Because smaller towns, which make up the majority of Massachusetts 351 communities, lack IT Directors, their technology issues are seldom formally represented at regional and state levels. Yet, because digital solutions inevitably are more efficient and less expensive for state and regional agencies, smaller towns are compelled to adopt technologies that they are not organizationally equipped to support.

This problem is not new for countless small governments, non-profits, and businesses, who cannot justify paid on-site IT staffing. Here and abroad, organizations have experimented with circuit rider or "e-rider" arrangements to make part-time IT staffing affordable, apportioning the time and expertise of one person among multiple organizations.

For the traditional on-site activities of IT staffing, such an approach still fails basic tests of affordability and practicality for remote and distant towns, e.g. a $75,000 IT Director split among ten towns is still $7,500 per town and much of that person's day would be devoted to travel. What should be daily functions become weekly tasks. Inevitable disputes over how to fairly apportion the limited on-site time would consume more time and energy. Businesses with far flung small outlets, e.g. convenience stores and restaurant chains, do not staff these outlets with technical employees. They manage data remotely.

Proposal:
A serious data protection problem exists in small towns. We think we now have a practical way to solve that problem, if small town leadership responds. Advancing technologies in the form of remote access software and expanding Internet broadband connections provide the key ingredients to bring affordability and daily provision of essential services down to the level of the smallest and poorest towns. A traditional role of an IT Director is managing computers and their use: the hardware, the wiring, the training, and operating systems. But computing has become commoditized so that the average cell phone or tablet computer can perform the functions of a desktop PC. Smart phone users sharing a web-based application can make LAN's and WAN's obsolete. Considering these new realities, the emphasis for an IT Director should shift from managing a computing environment to a role that is far more essential for smaller towns: protecting the data.

Remote access/control software makes it entirely reasonable for one or two persons (or a firm contracted for this role) to protect the data of hundreds of desktop computers when

- These are connected to the Internet and are collectively monitored in a dashboard-type environment.

- Functions are automated and only exceptions require human attention beyond regular monitoring.
- Backups can be automated and storage in the cloud is cheap and dependable.
- Restorations can be done remotely when necessary.
- Anti-virus and Internet protection subscriptions can be monitored collectively and renewed remotely.
- Notifications to responsible parties in the towns when issues arise can similarly be done over the web.
- For smaller communities, essential but seldom adopted plans for disaster recovery and privacy protection can be prepared and adopted from "boilerplate" versions, protecting the towns from audit findings and liability when no policies exist.

Recommendations and contracts on basic technology purchases can similarly be standardized and centralized, with economies of scale benefiting the smallest towns seeking to, for example, buy one desktop and a printer. (Small communities rarely have brand preferences. They just want the cheapest dependable option.)

The concept now under review is whether the equivalent of two people or a vendor under a carefully drawn contract could perform these basic, desperately needed data protection and easily-provided other services from a central location with the right remote access software at an annual cost that the smallest towns could afford, e.g. $500-$1000.

The central problem to be solved is not that cheap and easily implemented internet backups or anti-virus subscriptions are not available and within the technical ability of small town local officials. The central problem is that it is not these officials' job to worry about such things day to day, and so they typically don't.

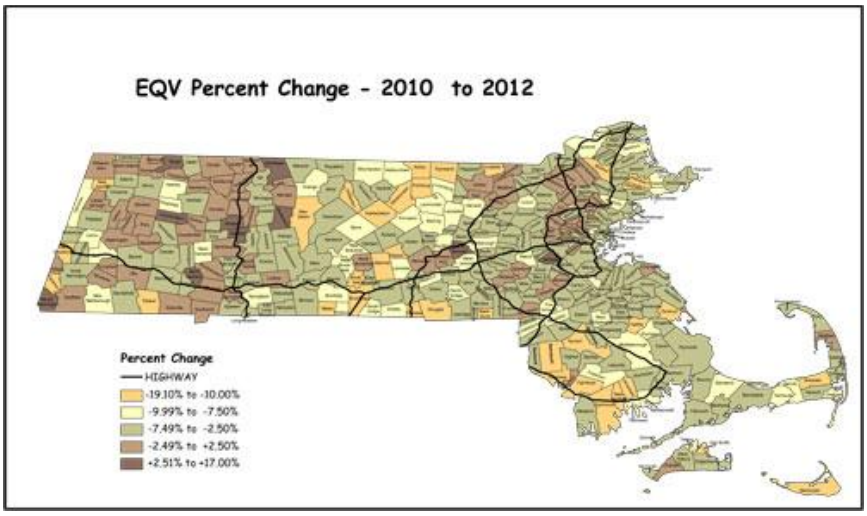
This proposal establishes someone to be responsible and accountable to town leaders, as long as 1.) the service level is carefully delineated, and 2.) that person does not have to travel to that town and does not have to perform duties on-site except in exceptional situations.

This requirement of responsibility and accountability is central to the value of this approach and its likely acceptability to selectboards. Many firms can offer the kinds of services proposed in this concept, for some price or

another, with different levels of diligence. But the individuals formally charged with this responsibility have to own that it is their job, one way or another, to protect each participating town's data. If problems arise, finding ways around the problems or escalating the issues appropriately among the town's leadership is the first priority. It is their job to worry about the data, not to advise or deflect issues to town officials.

Many of the conventional responsibilities of municipal IT directors do not apply or are not critically important to small towns. This proposal focuses on three important roles that do apply: data protection, liability in the absence of adopted policies and procedures, and representation at regional and state levels.

The concept requires an organizational entity, and the Community Software Consortium is set up to perform that kind of role. The concept also requires that small town leaders understand the risks they are currently operating under and have a willingness to sign up if an affordable solution presents itself. To that end, this article will be followed by a survey sent to municipal CEO's of small-medium sized communities to gauge their interest. State officials and CSC leaders may understand from that survey's results whether a critical mass of small towns understand their current risk exposure and will act to do something about it if that something is inexpensive and easy. On the basis of the survey, the CSC intends to issue a request for responses from vendors to see if existing firms have an interest in serving the IT needs of small communities at the service levels and price points necessary for community acceptance. If enough communities are interested, this concept could move to implementation relatively quickly. If a smaller number are ready to commit, the concept may have to await grant funding. Much, therefore, rests on small town leaders appreciating the risks they currently face.



2012 Equalized Valuations and a Retrospective

Donna Demirai and Marilyn H. Browne* - Bureau of Local Assessment

The most recent 2012 Equalized Valuations (EQVs) were filed with the Legislature in February 2013. Equalized Valuations are nearly back to what they were before the real estate crash. This article will look at what has happened based on the most recent EQVs and include some observations of EQV studies done over the past 12 years.

The EQV program conducted by the Bureau of Local Assessment involves a statistical study of sales from Massachusetts' communities of calendar year 2011 for January 1, 2012 assessment date. In the event that too few sales occurred to be statistically significant then sales from calendar year 2010 were also added and analyzed. The analysis determined the level of assessment for each community and that was supplemented with a projection of new construction value and Urban Redevelopment Corporation figures where relevant (*MGL Ch. 121A*).

Uses

The Equalized Valuation figures will be used for two years, 2014 and 2015 as a portion of the formulas used to allocate aid through the lottery formula, aid to public libraries, Chapter 70 school aid and school construction reimbursements. It is also part of some Cherry Sheet charges: County Tax, Boston

Metropolitan Transit District, Mosquito Control Projects and Air Pollution Control Districts. EQV also plays a role in calculating municipal debt limits (*MGL Ch. 44, Ch. 10*).

Time Lag

At the outset let us say that EQVs lag behind the current real estate market news you hear on the radio or read about in news media. That is because the Bureau of Local Assessment must analyze sales from the entire year before the EQV assessment date described in the second paragraph. Therefore, the data is one or two years old (two if a community has to supplement a small sales sample size) and will be used for two years after the assessment date in the various programs noted in the *Uses* section. Consequently, it is a comprehensive look back at what happened, not what is happening now.

Observations

The total state EQV peaked in 2008 at $1.082 trillion dollars, dipped to $1.025 in the 2010 EQV and is now at $976 billion, similar to the pre real estate crash level of $991 billion, only negative -1.56%, difference. Percentage-wise, the overall change from 2008 to 2010 was a negative -5.28% statewide and another drop of negative -4.78% between 2010 and 2012. The total statewide change from 2008 to 2012 was a negative -9.81 percent. On a positive note, the rate of decline lessened a half of one percent from 2010 to 2012. (*See EQV Total 2006-2012 Chart and Table*)

We also took a look at the number of sales as a percentage of residential parcels. We found that it had dropped slightly from 2010 (2.29%) to 2012 (2.20%). A few more, 22 rather than 14 communities, had less than 1% of residential parcels. In this analysis 85% of the sample fell within the 1-3% of residential parcels. In both 2010 and 2012 just 30 communities reached 3 to 4% of parcels and none in 2012 went above that figure (2 communities did for 2010). Having fewer sales makes determining property assessment levels more challenging for local assessors as well as when doing the EQV analyzes. Even so, the desired sample size of a minimum two percent was surpassed overall for both EQVs. (*See Sales Sample Size - % of Residential Parcels Chart*)

The four communities with the highest Equalized Value rankings, when you include all 351 cities and towns, are Boston (1), Cambridge (2), Newton (3) and Nantucket (4). On

the other end of the spectrum those with the lowest are Monroe (351), New Ashford (350), Hawley (349), and Savoy (347). With Nantucket, a resort community as the exception, the highest ranking communities are all in the Metro-Boston area and the lowest are out West and are all small towns.

Cities

Perhaps one of the most troubling effects of the real estate downturn, in the opinion of the authors, was the decline in value of the older industrial cities. Since 2008, representing the peak of the real estate market, the overall drop in value for cities is -14.7% or $36.95 billion.

In this analysis, we excluded Boston, Cambridge and Newton because their high values would have skewed the results as well as the fact that they were not representative of what was happening to cities across the state. Those three cities, when combined, declined only -1.75% from the 2008 EQV to 2012 EQV or $2.7 billion. Incidentally, Cambridge is the only city in the Commonwealth with an increase in value from 2008 to 2012. If you combine Boston, Cambridge, Newton and Brookline their total values for the 2012 EQV sum to 17% or 167.788 billion of the entire state's EQV of 975.688 billion.

Most of the 45 older industrial cities we looked at continued to experience a percentage drop in value from the 2010 to 2012 EQV, but the good news is that there is a significant lessening in the amount. For example: the five cities that had the largest drops between 2008 and 2012 are as follows:

City	2008-2010 % Chg.	2010-2012 %Chg.	2008-2012 % Chg.
Brockton	-25.6	-6.7	-30.6
Revere	-22.4	-7.2	-28.0
Everett	-20.3	-9.0	-27.5
Lawrence	-22.2	-5.8	-26.8
Taunton	-16.2	-10.4	-24.9

None of the included cities had a positive percent change overall from 2008 to 2012 and 18 had double digit negative percent changes. However, from 2010 to 2012 only four cities had double digit decreases: Fitchburg -12.7%, Taunton -10.4%, Fall River -10.7% and New Bedford at -10.1%. With the exception of Fitchburg, all of those cities were in Southeast Massachusetts.

There were cities with positive percent changes in EQV between 2008 and 2010; Great Barrington 4.13%, Easthampton 0.73% Northampton 0.41% and Pittsfield at 0.10%. Please note that all of those communities are in Western Massachusetts.

Interesting to note, from 2010 to 2012, three of the cities included in our review had positive changes, Waltham at 0.8%, Somerville at 1.08% and Worcester at 2.06%.

Per Capita

Statewide the 2012 EQV per capita is 149,014 using the most recent 2010 US Census data. That is a decrease from 2010 of -4.11% and -10.19% from the 2008 EQV. The top four per capita in 2012 are Chilmark, Gosnold, Aquinnah and Nantucket, all Island communities. Coincidentally, 14 of the top 15 communities per capita are from Cape Cod and the Islands. The four with the lowest ranks per capita in order from high to low are Lawrence, Springfield, North Adams, Holyoke and Fitchburg, all cities. With per capita data one always has to keep in mind that people don't stay static, they move in and out of communities. Some wide swings in communities are due to population changes and not necessarily EQV changes. The Cape and Island communities have many second homes and a large seasonal influx of non-residents so their per capita data is high. (*See 2012 EQV Data Table*)

Regions

If you look at the different regions of the state there were significant differences, with Western Massachusetts declining the least from 2008 to 2012 (-4.27%) and Southeast Massachusetts dropping the most at nearly 16 percent (-15.86%). (*See EQV Percent Change by Regions 2008-2012 Map*)

All regions of the state showed declines between 2008 and 2012. One reason the Southeast dropped the most was because four out of its five cities had negative percentage changes. On the other end of the spectrum the cities of Cambridge, Newton and Boston had the least decreases and that kept the Boston Metro Region from declining as much as other areas of the state with large cities. You will also note that the Pioneer Valley did not drop too much (-6.36%) and the fact that Northampton (-1.3%) and Easthampton (-2.0%)

were among the top five cities with the smallest overall decreases helped keep that region's numbers from getting too low.

Conclusion
If you look at the *EQV Percent Change over Four Years 2008 to 2012 Map* you will see regions with areas of concentrated decreases and increases. However, when you view the *EQV Percent Change: 2010 to 2012 Map* you will see that it is less dramatic and that the state looks a little more homogeneous with fewer areas of concentrated highs and lows. We hope this retrospective outlook sheds some light on what has happened across the state since the real estate crash and that the numbers continue to improve.

*(*Marilyn Browne recently retired from DLS, but not without providing yet one more contribution to City and Town with this article. We thank her again for her service and wish her all the best.)*

Solar PV System Valuation Workshop Presentation Now Available Online

Bureau of Local Assessment

In late February, DLS and the Department of Energy Resources hosted workshops on the methodology for valuing solar photovoltaic (PV) systems for the purpose of local taxation or for negotiation of payment in lieu of taxes (PILOT) agreements. A main reason for these workshops was to address confusion around the local taxability of solar PV projects. DOR has interpreted the statute to require that all energy must be consumed on site at all times in order for the system to be exempt from taxation. With the advent of robust net metering laws provided by the Green Communities Act, where excess generation can be assigned to other customers, more and more systems are being "oversized" for the onsite load and are developed primary for net metering purposes. The result is that both developers and local assessors need to know how to value these installations.

We are pleased to join DOER and George E. Sansoucy P.E. in announcing that th final presentation is now available by clicking here. You can download the Solar Valuation Worksheet by clicking here.

House Local Aid Estimates

After acting on various amendments to the House Ways and Means (HWM) Committee budget, the House approved its final FY2014 proposed budget last week. The final House budget increases Chapter 70 aid by $5.3 million over HWM estimates to provide for a 15 percent reduction in minimum contributions for above effort districts. Other amendments increase Regional School Transportation Reimbursements by $500,000 and provide funding for Smart Growth School Cost Reimbursements. Estimates for other cherry sheet accounts are unchanged from the original HWM estimates. Updated local aid estimates have been posted to the DLS website at the link below:

http://www.mass.gov/dor/local-officials/municipal-data-and-financial-management/cherry-sheets/

Please be aware that these estimates are subject to change as the state budget process progresses. In particular, final Charter School and School Choice assessments may change significantly when updated with final tuition rates.

To review additional information about how the estimates were determined and what may cause them to change in the future, click on the link at the bottom for an index of the FY2014 programs and links to individual explanations.

If you have questions about these estimates, please call Lisa Juszkiewicz at (617) 626-2386.

Sign Up Today for the New Officials Finance Forum!

The Department of Revenue's New Officials Finance Forum will be held on Thursday, June 6th at the College of the Holy Cross in Worcester. This course is for recently elected or appointed local municipal finance officials. With an emphasis on the basics, it's designed to foster a team approach to municipal finance by developing an understanding of the responsibilities of the various offices as well as their interrelationships.

The day will begin with Deputy Commissioner Robert Nunes' opening remarks, an overview of the Division of Local Services and a presentation of ongoing stakeholder satisfaction efforts and initiatives. Topics presented during this day-long seminar will include an overview of municipal government, the budget process, the tax recapitulation process and reserve and debt policies. We encourage municipalities to forward this information to any and all new officials who would benefit from attending.

Pre-registration is required. Please click the following for the agenda and the registration form.

May Municipal Calendar

1	Taxpayer	Deadline for Payment of Semi-Annual and 4th Quarterly Tax Bill Without Interest According Sec. 57, this is the deadline for receipt of the 2nd half actual tax payment, or the actual tax p optional preliminary bill was issued. According to M.G.L. Ch. 59, Sec. 57C, this is the deadline Quarter tax payment.
1	Treasurer	Deadline for Payment of 2nd Half of County Tax
1	Accountant/Treasurer	Notification of Amount of Debt Due in Next Fiscal Year As required by M.G.L. Ch. 44, Sec. 16 or Treasurer must notify the Assessors of all debt due in the next fiscal year because the mu required to pay its debts, appropriated or not. Since all debt service must be paid, any debt covered by appropriations is added to the "Other Local Expenditures" category, found on 2 Recapitulation Sheet. It is important that the Assessors have this information in order to avo rate lower than required and raising insufficient revenue to cover the municipality's expendi
15	DOR/BLA	Commissioner Determines and Certifies Telephone and Telegraph Company Valuations

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