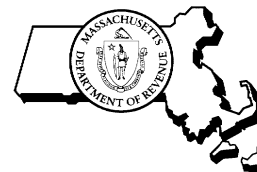


Town of North Attleborough

Proposed Charter Cost Impact

Division of Local Services / Technical Assistance Section

March 2012



March 26, 2012

Mark Roberts, Chair
Charter Education Committee
c/o 43 South Washington Street
North Attleborough, MA 02760

Dear Mr. Roberts:

It is with pleasure that I transmit to you a cost impact analysis based on the proposed North Attleborough charter completed by the Division of Local Services for the Charter Education Committee. It is our hope that the information presented in this report will assist the town as it considers the merits and costs of a change in government structure.

As a routine practice, we will post the completed report on the DLS website within two weeks and forward a copy of the report to the town's state senator and representative.

If you have any questions or comments regarding the final report, please feel free to contact Joe Markarian, Director of the DLS Technical Assistance Section at 617-626-2321 or at markarianj@dor.state.ma.us.

Sincerely,

Robert G. Nunes
Deputy Commissioner &
Director of Municipal Affairs

cc: Senator Richard J. Ross
Representative Elizabeth A. Poirier

This report is completed by the Department of Revenue's Division of Local Services (DLS) at the request of the North Attleborough Charter Education Committee. Its purpose is to estimate the possible costs to implement changes in the organization of municipal government based on a proposed charter provided to us by the committee.

Acknowledgements

During the course of this assignment, interviews were conducted with and information was provided by the following individuals:

Michael S. Thompson, Selectman
Mark Roberts, Chair, Charter Education Committee
Paul Waple, Charter Education Committee
Mark C. Fisher, Town Administrator
Lisa Higgins, Town Accountant
Patricia Dolan, Elections Commission
Maxwell G. Gould, Town Clerk
Catherine Calicchia, Human Resources Director
Michele DiRenzo, Finance Committee Clerk

Charter Proposal

The proposed charter which is the subject of this DLS review, in general, mirrors the one placed before the January 2012 special town meeting. It would replace the five-member board of selectmen and the town administrator with a mayor. It would replace the 135-member representative town meeting with a nine member town council, where five councilors would be elected by district and four would be at-large members. The current school committee with seven elected members would become six, all elected at-large, and the mayor, who would sit as a seventh voting member. The elected town moderator position would be eliminated.

With the adoption of the charter, over 30 existing town departments, managers and staff would continue to function as would 32 appointed and 13 elected boards, committees and commissions. Consequently, there is very little new structure that would be implemented with the charter. Instead, a mandate to reorganize municipal government is built into the charter provisions with the intent that changes unfold more slowly.

The charter directs the mayor to recommend a reorganization plan for city government within 18 months of taking office to the town council for its approval. The plan will reveal what departments and positions might be created, eliminated or merged. It will also identify which boards, committees and commissions will remain elected or become appointed. Unless otherwise specified, the mayor would have authority under the charter to appoint department heads, subject to the approval of the town council. Department heads would appoint their respective staff. Only the town clerk and possibly an auditor would be appointed by the council.

The mayor might also opt for little or no change. In that case, the only modifications to government would be those specifically stated in charter provisions for a mayor, town council, school committee, town clerk and licensing board. All other positions and functions of town government appear unaffected by the shift to city government.

Incorporated into the transition section of the charter are “Proposed Ordinances” that offer sample language for the creation of seven consolidated departments. In meeting his 18 month mandate to put forward a reorganization plan, the mayor is directed to consider the draft ordinances. He may amend, revise or delete any of them. Left unstated is that after due consideration, he may also ignore them entirely. The proposed ordinances provide for the following consolidated departments:

1. Department of Public Works
2. Department of Municipal Finance
3. Department of Planning and Community Development
4. Department of Human Resources
5. Department of Municipal Licenses and Inspections
6. Department of Park and Recreation
7. Department of Municipal Services

In each instance, the subsection lists current departments, positions and functions that would be part of the consolidated department. Each generally defines departmental powers, duties and responsibilities. Each also provides for a department director position. With the possible exception of the public works director, these all appear to be new positions or enhanced responsibilities for an existing position. The director of municipal finance would serve simultaneously as the treasurer, collector or treasurer-collector, but not the accountant. The director of municipal licenses and inspections would also serve “as building inspector, or any other position within the department.” No other dual roles are specified.

Unless separately adopted, these proposed ordinances have no binding affect, even if the charter is approved and implemented. As a result, it is not possible to anticipate what shape municipal government might ultimately take under a reorganization plan. It is reasonable to conclude, however, that a director of a consolidated department would command compensation greater than that of a manager of a non-consolidated department.

Against this backdrop, an estimate of the cost impact of a government operating under the provisions of the proposed charter involves 1) an analysis of personnel changes that are likely, 2) a determination of current personnel costs and 3) a projection of personnel costs under the new structure.

Staffing

If the charter were adopted, as proposed, the administrative department (selectmen) and the accounting department would be impacted. In addition, the moderator position and part-time

clerical support for the finance committee would be eliminated. The role of the town clerk could expand. Other municipal departments and offices would continue as they presently do unless and until a reorganization plan is formulated by the mayor and approved by the town council.

Current Staffing Levels

Administrative department:

Selectmen

Town Administrator - 37 hours.

Assistant to the Town Administrator - 37 hours.

Administrative Secretary - 34 hours.

Senior Office Assistant - 34 hours.

Office Clerk - 24 hours.

Accounting department:

Town Accountant - 40 hours.

Assistant Town Accountant - 37 hours.

Senior Accounting Assistant - 34 hours.

Data Processing Assistant - 34 hours.

Town Clerk

Moderator

Finance Committee Clerical - as needed

The five selectmen and the town administrator positions will be eliminated in a reconfigured government, as would the town moderator. The town accountant is a required position. Given the separation between the legislative and executive branches, it is not expected that the nine councilors who replace the five selectmen will have an impact on office workloads, but no further analysis was directed to this issue. Conversely, since a change in structure will not alter the legal responsibilities or general volume of work of departments, all staff positions are regarded as justified and are carried forward into the city form of municipal government.

A possible exception is the town clerk. In the charter, the clerk serves as one of five ex officio members of the new licensing board and as its chair. The clerk could also be enlisted to serve as clerk to the town council. Among other duties, these assignments will involve numerous night meetings which are not likely to be offset by the loss of town meeting responsibilities.

At a higher level, greater attention is warranted on how the necessary skill sets of a knowledgeable and experienced town administrator will be integrated into the office of the mayor. Among his duties, the current town administrator is the day-to-day manager of departments under the jurisdiction of the selectmen and otherwise works with all town departments to address everyday issues and advance community-wide goals. He formulates the town budget and monitors the town's fiscal performance throughout the year. He heads the

town's collective bargaining negotiating team and has an ongoing role in resolving labor and personnel issues. He is a Massachusetts Certified Public Purchasing Official (MCPPO) and serves as the town's chief procurement officer. In addition to other matters of town business that require his attention each day, the town administrator is appointed to the following positions and committees:

Whistle Blower Enforcer	Municipal Building Committee (ex officio)
Municipal Hearing Officer	Joint Transportation Planning Group (Alt.)
Insurance Advisory Board	Ten Mile River Committee
Transportation Study Committee	

Issues that require selectmen to provide direction and decisions are equally wide ranging and sufficiently numerous to prompt frequent meetings. Added are peripheral obligations to address constituent concerns and to attend ceremonial functions.

A comparison of staffing under the current town government and as proposed in a city government is shown in the chart below.

Town	City
Moderator	-----
Selectmen	-----
Town administrator	-----
-----	Mayor
-----	Town Council
-----	Clerk to the Council
Assistant to the Town Administrator	Assistant to the Mayor
Administrative Secretary	Administrative Secretary
Senior Office Assistant	Senior Office Assistant
Department Clerk	Mayor's Department Clerk
Town Accountant	Town Accountant
Assistant Town Accountant	Assistant Town Accountant
Senior Accounting Assistant	Senior Accounting Assistant
Data Processing Assistant	Data Processing Assistant
Town Clerk (elected)	Town Clerk
School Committee	School Committee

As a practical matter, with the transition to a city government, the mayor's position will absorb the combined formal and informal duties and responsibilities of the selectmen and the

town administrator. This represents a full-time workload that often prompts discussion whether a chief of staff or chief financial officer position is justified to provide the mayor with management, financial and other professional support. At present, no position or job description in the current administrative office appears to fulfill this need.

It is our conclusion that a mayor, for a city the size of North Attleborough, would benefit from a chief of staff or similar position. The charter does not provide for one, nor do we in this analysis. It seems most likely that this type of role would be part of the discussion as the mayor's reorganization plan takes shape.

Current Salaries and Wages

Current compensation levels for North Attleborough elected officials and staff were extracted from town FY2012 Wage & Salary Sheets provided by the accountant and the FY2012 town administrator budget recommendation as it appears online. The total establishes a cost baseline for town departments that will be impacted by transition to a city government. Details are listed in the chart below.

Position	Hours	FY2012
Moderator		up to \$1,200
Chair, Board of Selectmen		\$1,200
Members - 4		\$4,000
Chair, School Committee *		\$1,200
Members - 6 *		\$6,000
Town Administrator	37	\$88,991
Assistant to the Town Administrator	37	\$49,469
Administrative Secretary	34	\$41,548
Senior Office Assistant	34	\$27,085
Department Clerk	24	\$22,314
Town Accountant	40	\$80,038
Assistant Town Accountant	37	\$57,605
Senior Accounting Assistant	34	\$47,007
Data Processing Assistant	34	\$49,078
Town Clerk (elected) *		\$19,604
Finance Committee Clerical *		\$10,411
Total		\$506,750

Source: FY2012 Department Wage & Salary Sheet

* Source: FY2012 Town Administrator's Budget Recommendation

Operating Expenses

With few exceptions operating expenses are not expected to change with a transition to a city government. Most offices will continue to perform the same functions and complete the same volume of work as is presently the case. Comment is offered on the following.

Town Meeting - A nominal \$220 budgeted for representative town meeting coordination will be eliminated. The cost of holding town meeting has been described as minimal.

Town Council - Assuming town council meetings would be no more frequent than selectmen's meetings, there should be no additional expense.

Reimbursements - The mayor, the nine town councilors and the six school committee members will be entitled to out-of-pocket expense reimbursements. However, under the charter it is not stated what costs will qualify for reimbursement. We have chosen not to speculate.

Elections - An adjustment is warranted to account for the cost of regular town elections. Since 1977, a preliminary election has preceded the general election each year. According the town election commission, the average cost of a general election is \$19,000. Because the preliminary ballot is typically smaller and is sometimes further reduced in size or is unnecessary when candidates in races number two or less, a preliminary election cost averages \$7,000. Under a city structure, rather than two elections a year, a preliminary and general election will be held every two years. This represents a potential savings of \$26,000 or more every other year.

Reserve - In FY2012, the town appropriated \$100,000 to the finance committee reserve fund. Cities are also authorized to establish a reserve which is expended on recommendation of the mayor and approval of the council. We assume the town would choose to continue funding a reserve at the same level.

Conclusion

It is our understanding that the charter proposal, which is the subject of this analysis, is intended as an initial step in a slow, thoughtful process that would move the community from a town to a city form of government. Consequently, by design, its provisions call for minimal change in the configuration of offices and departments, and no comment on the elected or appointed status of positions. The charter builds-in a probable two-year period, for the mayor to submit and council to approve, a reorganization plan for all of municipal government. Charter provisions control costs by pre-setting initial compensation levels for immediately affected offices. Accordingly, in this analysis, the mayor receives a salary of \$88,991 matching what the town administrator currently receives. The council and school committee members receive a stipend of \$1,000 each and the chairs receive \$1,200.

The salary of the accountant and each staff position in the administrative and accounting department are carried forward unchanged. Stipends for the moderator and finance committee

clerical support are eliminated. Otherwise, it is assumed that the status and compensation of all municipal employees as well as stipends for the board, committee and commission members remain unchanged.

The town clerk will see an increase in responsibilities, but the charter states that, in the case of the licensing board, the clerk will serve “without additional compensation.” Beyond that, it is not known whether the town council will designate the town clerk as its clerk. So, no salary adjustment is made in the town clerk’s compensation. However, a stipend of \$15,000 is inserted to account for the town council’s need for clerical support. This estimate is based on a projection that the council is likely to meet more frequently than the current finance committee, which compensates its clerk \$10,411 in FY2012.

On the operating expense side, the RTM coordination cost (\$220) is omitted and the expense for elections are annualized to \$13,000, which reflects a savings.

Therefore, based on this analysis, as illustrated on the chart below, the cost of city government in its first year of implementation under the charter is projected to be a nominal \$6,831 less than the FY2012 cost of the current town government. However, this conclusion does not account for the possible cost impact of the mayor’s reorganization plan, to be delivered 18 months after adoption of the charter, which remain unknown.

Potential Cost Impacts

The true cost of implementing the charter proposal will not be known unless and until the mayor submits and the council adopts a government-wide reorganization plan. Depending on the outcome, costs could be further impacted.

Managers of Consolidated Departments. The charter does not describe how departments will be organized, which in effect requires the city to operate under the pre-existing town organizational structure. Through “proposed ordinances,” the charter provides the mayor with suggestions on how departments might be reorganized into groups. If incorporated into the mayor’s reorganization plan, up to seven new consolidated departments would be managed by a director, who should be expected to command compensation 10-to-20 percent higher than managers of single department. A possible exception is the Department of Public Works, which has a director-type position. A new municipal finance department and the licenses and inspectional services department each allows for current officers to assume the broader role of director. In these instances, a salary increase should also be expected.

Chief Financial Officer. A decision that the mayor, and the city, would benefit from a chief administrative officer, chief financial officer or similar professional position would give rise to a new salary with benefits. Compensation would depend on the scope of responsibilities, but might be viewed as commensurate with that of a consolidated department head.

In any event, it is wise to ensure that new positions and new compensation levels fit rationally within the current classification schedules and salary structure.

Health Care - When appointed, the part-time town clerk position will be placed in the town classification plan and work hours per week will be assigned to it. If the role is expanded to include clerk of the council duties, the additional hours could exceed 20 per week, which would create eligibility for health care coverage. Except for this possibility, the town's share (75 percent) of employee health insurance costs is likely to remain the same under a city as it is under the current town organizational structure. The town's share of PPO plans average \$712 and \$1,766 per month for individual and family coverage and \$536 and \$1,196 per month for individual and family coverage under HMO plans.

Town Council Stipends. The stipends for town councilors under the charter equal what selectmen currently receive. The amount is low in comparison with the amount their counterparts receive in seven comparable mayor / council communities. However, until the town has experience under the new structure of government, there would seem to be no compelling reason to change.

Reimbursements. The charter permits expense reimbursements for the mayor, nine town council members and six school committee members. The selectmen, but not school committee members, now receive reimbursement only for expenses related to conferences and outside meetings. Even if restricted to these purposes, there would be an added cost. However, no definitions or limits are set-out on what qualifies as an eligible cost and what does not. To address this issue, we would recommend adoption of an ordinance to establish a general policy with the intent that it would apply equally to every person entitled to reimbursements. We do not expect that this would be a significant cost, but neither do we have a basis to speculate.

Town Auditor. It is unclear whether an internal audit position, appointed by the town council, will be part of the final charter proposal. While the function is one we feel has merit, we do not advocate separating it from the town accountant or removing it from the executive branch and creating a reporting relationship to the council. The charter assigns initial compensation to the position of \$25,000, but it also states that at no time can it be less than 50 percent of the finance director's salary.

Mayor's Salary. At \$88,991, the mayor's salary as assigned by the charter is consistent with the range of mayor salaries among the comparable cities.

The chart on the next page compares personnel costs and expenses for impacted positions and departments under the current town structure and under the proposed city organizational structure. It is followed by a chart displaying statistical information on comparable mayor-town council cities.

Town and City Cost Comparison

Town	FY2012	City	Projected
Moderator	1,200	-----	----
Chair, Board of Selectmen	1,200	Chair, Town Council	1,200
Members - 4	4,000	Members - 8	8,000
Chair, School Committee	1,200	Chair, School Committee	1,200
Members - 6	6,000	Members - 5	5,000
Town Administrator	88,991	Mayor	88,991
Assistant to the Town Administrator	49,469	Assistant to the Town Administrator	49,469
Administrative Secretary	41,548	Administrative Secretary	41,548
Senior Office Assistant	27,085	Senior Office Assistant	27,085
Department Clerk	22,314	Department Clerk	22,314
Town Accountant	80,038	Town Accountant	80,038
Assistant Town Accountant	57,605	Assistant Town Accountant	57,605
Senior Accounting Assistant	47,007	Senior Accounting Assistant	47,007
Data Processing Assistant	49,078	Data Processing Assistant	49,078
Town Clerk (elected)	19,604	Town Clerk	19,604
Finance Committee Clerical	10,411	Town Council Clerk	15,000
Total	506,750	Total	513,139
		Salary Difference	6,389
<u>Expenses</u>		<u>Expenses</u>	
RTM Coordination	220	-----	----
Annual Elections	26,000	Elections (annualized)	13,000
Total	26,220	Total	13,000
		Expense Difference	(13,220)
		Overall Difference	(6,831)

APPENDIX A COMPARABLE COMMUNITIES

	<u>North Attleborough</u>	<u>Average</u>	<u>Agawam</u>	<u>Amesbury</u>	<u>Braintree</u>	<u>Easthampton</u>	<u>Greenfield</u>	<u>West Springfield</u>	<u>Weymouth</u>
Adopted mayor-town council charter			1972	1996	2008	1996	2003	2001	1999
Population	28,712	28,015	28,438	16,283	35,744	16,053	17,456	28,391	53,743
Land square miles	18.64	17.10	23.24	13.65	13.90	13.42	21.73	16.75	17.01
Density	1,540	1,638	1,224	1,193	2,572	1,196	803	1,695	3,159
Parcels	10,299	10,090	11,156	6,223	12,421	6,013	6,575	9,431	18,814
EQV per capita	\$144,473	\$113,433	\$103,306	\$127,645	\$164,421	\$92,963	\$83,088	\$95,544	\$127,065
Income per capita (2008)	\$32,742	\$26,079	\$25,302	\$29,432	\$33,025	\$23,611	\$19,820	\$23,137	\$28,223
Assessed value									
% residential / open	78.8%	79.6%	79.0%	83.8%	77.1%	87.9%	76.1%	69.5%	84.0%
Avg residential assessed value	\$318,502	\$257,729	\$218,722	\$306,082	\$359,688	\$228,772	\$184,865	\$214,267	\$291,709
% commercial / industrial	21.2%	20.4%	21.0%	16.2%	22.9%	12.1%	23.9%	30.5%	16.0%
CIP tax shift	no	---	yes	no	yes	no	no	yes	yes
FY2012 budget	\$84,719,564	\$82,780,967	\$81,642,943	\$55,353,100	\$115,807,079	\$37,683,764	\$49,863,767	\$94,514,810	\$144,601,308
Budget per capita	\$2,951	\$2,955	\$2,871	\$3,399	\$3,240	\$2,347	\$2,857	\$3,329	\$2,691
Avg residential tax bill	\$3,895	\$3,793	\$3,150	\$5,855	\$3,759	\$3,036	\$3,514	\$3,696	\$3,541
Levy as % of assessed value	1.23%	1.60%	1.74%	1.97%	1.34%	1.33%	1.90%	2.29%	1.34%
FY2011 free cash	\$998,911	\$2,904,552	\$4,882,516	\$1,009,160	\$6,886,442	\$565,039	\$824,693	\$3,722,671	\$2,441,340
% of budget	1.2%	3.5%	6.0%	1.8%	5.9%	1.5%	1.7%	3.9%	1.7%
FY2012 Stabilization	\$2,512,042	\$2,536,739	\$3,640,121	\$1,070,825	\$2,082,933	\$1,124,311	\$1,343,925	\$7,567,469	\$927,591
% of budget	3.0%	3.1%	4.5%	1.9%	1.8%	3.0%	2.7%	8.0%	0.6%
<u>Compensation</u>									
Mayor	\$88,991	\$94,150	\$85,300	\$80,000	\$105,260	\$115,990	\$75,000	\$87,500	\$110,000
Council - Chair	\$1,200	\$7,900	\$13,000	\$4,000	\$7,500	\$	\$5,000	\$10,000	
Members	\$1,000	\$6,000	\$10,000	\$3,000	\$5,000	\$	\$2,500	\$8,000	\$7,500