



Town of Southampton

Financial Management Review / Update

Division of Local Services / Technical Assistance Section

October 2007



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Introduction

In March, 2005, the Department of Revenue's Division of Local Services (DLS) completed a full financial management review for the Town of Southampton at the request of the board of selectmen. Southampton is a town of approximately 6,000 people with a current annual budget of about \$12.5 million. In September 2007, the Southampton board of assessors asked if DLS would return to the town to conduct a follow-up review on the progress made in that office since the original report. Accordingly, a member of the DLS Technical Assistance Section and the town's DLS Bureau of Local Assessment community advisor met with two members of the assessing board and with two office staff. We also met with the new town administrator during an on-site visit.

Under state law and DOR regulations, a town assessors' office is responsible for valuing all the town's real and personal property, assigning tax payments to owners, and generating the commitment authorizing the collector to collect real estate tax and motor vehicle excise payments. To ensure that residents are taxed equitably and accurately, the office maintains and updates property records with information received in response to mailings, from deeds and through the on-site inspection of sale properties and properties where a building permit has been issued. Additional information is gathered during an on-going property measure and list program. Upon resident application, assessors act on and track exemptions and abatements. They estimate new growth and conduct classification hearings. The assessors set the tax rate, recommend the annual overlay and provide levy information for use in the Tax Recap Sheet submitted to DOR. The office is also required by DOR to conduct an annual property value adjustment analysis and to prepare for State certification of property values every three years.

Our review focuses primarily on these responsibilities and the ability of the current board and staff to fulfill them. We revisited assessing department recommendations offered in March 2005 and evaluated progress toward their implementation. We comment, in this report, on current working conditions, office structure and the allocation of responsibilities compared to two years earlier. Also included are comments on the progress made by the town in general, since our original 2005 report, to implement recommendations relating to overall financial management and town government operations in general. Our observations, conclusions as well as further recommendations relative to the assessing office and to town financial operations are incorporated in this update report.

During the course of this review we met and interviewed assessors Edward Rubner (Chair) and Barbara LaFlame and interviewed assessing staff members Lori Stewart and Janine Domina. We also met with town administrator, Diana M. Schindler. This review was conducted by Joe Markarian, Supervisor, DLS Technical Assistance Section and Sandra Bruso, Community Advisor, DLS Bureau of Local Assessment (BLA).

Assessing Office

In our March 2005 financial management review, we noted an assessing board in conflict and a department embroiled in personnel issues that impacted morale and the working environment throughout town hall. At the time, staff included a chief assessor and a clerk. This staffing alignment was created in 2003 to address BLA concerns about data quality and property valuation results and brought in-house most of the responsibilities that were previously contracted-out. The new office structure was favored by DLS and the performance of the chief assessor satisfied BLA that critical assessing goals were being met. However, we stated in our report that, “(The change) also produced vague lines of authority and ill-defined relationships between staff members and between board members and staff. Poor communication led to further conflict over roles and expectations.”

When the chief assessor departed, the board chose in a split vote not to fill the position, but to once again restructure the office in a way that would enhance the daily involvement of the board. This two-to-one decision prompted the resignation of the board chair about 24 months ago. For other reasons, the remaining two assessors resigned 18 and 12 months ago, completing a full turnover in board membership since our earlier report.

On our return in September 2007, the part-time, three member board is still elected. The chair has served two of three years in his first term. Another member prevailed by two write-in votes in a town-wide election with no nominated candidates. She had previously served four years on the board in a tenure ending in 2001 and, though elected in this past spring, was delayed in taking office until September 2007 because election certification irregularities required approval of a Special Act of the State Legislature. A third member, who was recruited and has no prior assessing experience, was appointed in June 2007 to fill a vacancy. The former chair returned on a temporary basis to provide the board with a second member over the past year.

The board convenes every two weeks and has granted the chair authority to approve payrolls and invoices as required in between meetings. He is also sought out by staff to make decisions essential to the day-to-day operation of the department, but in his words “he does not run the office.” The board, primarily through its chair, provides guidance to staff, approves the department budget, presides over the annual classification hearing, votes on abatement and exemption applications, and evaluates staff. Board members also sign-off on the annual overlay and new growth estimate, both of which appear to be initially developed by the finance committee chair, accountant and/or an outside consultant. It is not clear, however, that these decisions are made at a formal board meeting .

The office is now staffed by a full-time assistant to the assessor/data collector who began in May 2005, and an assistant to the assessors, or clerk, who has one and a half years in the position. Each works full-time, which in Southampton is 31-hours, Monday through Thursday.

Neither staff member has a written job description and job titles seem uncertain, but both have a clear understanding of their respective responsibilities.

The data collector has a set procedure for completing field inspections of approximately 200 building permit properties each year. She photographs properties, takes the added step of measuring improvements, and data-enters changes in the Vision appraisal software. To accelerate the process of up-dating records, and to capture all potential new growth, she typically expands her permit inspections to all properties on a street where she is already scheduled to visit. She is also on an aggressive schedule to inspect and measure approximately 1,900 residential parcels to comply with BLA guidelines for a cyclical property re-inspection program. Because of the emphasis on the cyclical re-inspection program, however, sale properties are not routinely inspected. In addition, the data collector reviews abatement applications and recommends action to the board. It is also generally agreed among those interviewed that she fulfills a role beyond her normal position and more associated with a chief assessor. These additional decisions tend to be ad hoc and non-specific, but require attention nonetheless. The data collector also works cooperatively to assist at the counter, on the telephone and with various, recurring office duties.

The assistant to the assessors produces the commitments for real estate and personal property bills and for motor vehicle, boat and farm animal excise. She prepares mailings of sale questionnaires, forms of list, exemption and abatement applications, chapter land exemption applications and forms for charitable organizations. Income and expense surveys are sent by the consultant. She confirms information when transfers of title occur as evidenced by deeds received from the Registry of Deeds and updates property records accordingly. She is first to assist residents.

However, because property data is not on the town's web site and it is not accessible on a counter computer terminal, both staff members are frequently required to provide counter and telephone assistance to residents. In large part, through this interaction and a renewed emphasis on "customer service," staff have uncovered a persistent trend of inaccuracies in property records. While not so significant as to skew the fair distribution of the tax burden, the research required to make corrections has been an arduous and time-consuming task.

For the valuation of personal property and commercial/industrial properties, the department contracts with Bishop and Associates. The consultants scope of work involves services limited to the statistical analysis of data, adjustments to valuation tables, preparation of certification documents and completion of BLA Form LA-15 required for interim year adjustment decisions and triennial certifications.

Now, as in 2005, the assessors' office is physically small, compact and barely adequate for two employees. It provides no privacy or quiet space for staff to work or to meet with property owners, and has minimum counter space to serve the public. The two computers in the office are installed with Vision appraisal software which stores property data and aids in property valuation

analyses. As noted, no computer is located on the counter to allow public access to valuations, taxes and property descriptions and the information is not accessible to the public on-line.

In our March 2005 report, we offered the following recommendations to the board of assessors.

- 1) Take a stronger leadership role
- 2) Minimize changes to office structure
- 3) Account for all office responsibilities
- 4) Plan for interim year adjustments
- 5) Complete a re-listing of all personal property accounts

Conclusion - Two and a half years after release of our 2005 financial management review for Southampton, the assessing department has made measurable strides forward. With two new members only now taking office, the ability of the current board to function effectively has yet to be tested. However, it is apparent that the conflicts and tension that characterized its predecessor board are not likely to resurface. Over the past two years, the board chair together with a changing membership has filled a leadership vacuum, and made the decisions necessary to address and resolve serious office issues. With a renewed emphasis on “customer service,” two new staff members have proven to be capable, engaged and able to work well together. Responsibilities are better defined, and though still cramped, the office is better organized.

From another perspective, the assessors have substantially fulfilled our 2005 recommendations for the office. Primarily through the efforts of its chair, the board has taken a stronger leadership role in creating new positions and providing direction to the office and to staff. Although a chief assessor, which we favor, is not one of the current staff positions, we are satisfied that requisite office responsibilities are assigned to the data collector and the clerk and are being performed in a diligent and timely manner. Per our prior recommendations, the department now completes interim year property valuation adjustments, and has conducted a complete re-listing of personal property accounts.

We commend the board of assessors and the town for the progress made. Now, looking ahead, we encourage the incoming board to build on the momentum gained and consider how office operations might continue to improve. Toward that end, we offer further recommendations.

1) Reduce foot traffic in assessors’ office - Because the assessors’ office is so small and tightly packed, providing counter service to residents, real estate brokers or appraisers can be disruptive to both staff members. Responding to telephone inquires has the same effect. Other municipalities have discovered that publishing the assessor’s property data on the town web site dramatically reduces the amount of foot traffic into the office and the number of routine, but time consuming, telephone calls. At the very least, the office should place a simple computer terminal with read-only public access to property information in the office. The cost in dollars should be relatively low and would be more than offset by the gains in staff productivity.

2) Raise the level of professionalism in the assessing office - The earlier success of the chief assessor, and the current daily reliance on the board chair to provide direction, underscores a need for on-site decision making capability. To fulfill this role, we typically favor a chief assessor position, but we also understand that budget, as well as space, constraints may be prohibitive. As an alternative, we encourage the board to look at ways to enhance the role of the data collector.

As a start, we recommend the formal adoption of job descriptions. For each staff member, a job description should reflect work that is actually performed on a day-to-day basis, and for the data collector, in particular, any other responsibilities that would expand her role.

We also strongly support making training opportunities available to staff. The benefits of a knowledgeable well-trained staff are self-evident. Added value is derived from interaction with peers and counterparts from other communities who confront similar problems and have broader assessing experience.

3) Increase understanding of the overlay and new growth estimate - In small towns, it is not uncommon for the accountant, finance committee chair and/or an outside consultant to take a major role in setting the overlay and estimating new growth. This is the case in Southampton, and when the assessing board signs-off on the amounts presented, it fulfills a legal responsibility, even if minimally. Lacking at least among two of three board members and staff is an underlying understanding of the overlay and new growth estimate.

Therefore, we recommend that the board rely on staff, and the data collector in particular, to provide insight into how the overlay and new growth estimate are developed, how each is used and the impact of each on the annual budget. Then, when board approval is sought, they can consider and review amounts provided in an informed and intelligent way. Decisions to set the annual overlay, transfer excess overlay into surplus, adopt new growth estimates, among others, should be approved by a vote of the board in a formal meeting and recorded in board minutes.

4) Emphasize sale inspections over cyclical inspections - As part of a cyclical re-inspection program, Massachusetts cities and towns are obligated to measure the exterior and inspect the interior of all improved properties within their boundaries at least once every nine years. The Southampton data collector has chosen to implement a so-called “rolling schedule” that would have her complete all re-inspections faster than BLA guidelines require and then have her immediately begin the process again. Because of the demands of this schedule, she has had little or no time to complete inspections of sale properties which are critical to the determining local market trends and whether annual adjustments to value are warranted.

Because of the relative importance of sale inspections, and because with additional measurements, a sale inspection can also qualify toward the cyclical process, we recommend that the data collector emphasize sale inspections. To gain access to property interiors, data collectors often go to open houses prior to sales, and team up with fire safety officers and building inspectors on their routine inspections. As she does with building permits, the data collector can pull field cards and complete cyclical inspections on other properties in the vicinity of a sale inspection.

Overall Financial Management

In our March 2005 financial management review, we concluded that “town finance officers and staff understand and fulfill the requirements of their respective positions....but, opportunities for improvement still exist.”

In our recommendations, we expressed the need for a full-time management presence in town hall and for better communication between boards and employees. We advocated for policies to guide the use of free cash, for building reserves, and for the development of a capital improvement program. We encouraged the town to conduct an independent audit each year, to assign procurement oversight responsibilities and to move all employees to a bi-weekly pay schedule. Underscored was the value of employee performance evaluations. We recommended that the town adopt a new charter to create continuity and stability in the structure and procedures of government. We addressed technology issues as well as areas where improvements or efficiencies could be gained in the offices of the treasurer/collector and accountant.

We also commented on the physical condition of town hall and the impact of a poor working environment on the productivity of employees, and on the ability of the town to attract and retain qualified people.

To its credit, the town acted to implement the recommendation, among many, which will have the most far reaching and positive impact. It centralized the management of municipal government in a new town administrator position. Taking office in January 2007, the town’s first administrator has opened lines of communication through monthly department head meetings, on-going interaction with selectmen and a team building approach.

By her presence, the prospects of moving forward with other recommendations in our report and other town initiatives have improved dramatically. As part of an effort to address a structural deficit in town finances, greater attention is now directed to the development of reserve policies. To increase enhance controls, the finance committee has required that the town administrator’s signature attach to all reserve fund transfer requests. To foster long-term planning, a new capital improvement committee has been appointed, and steps have been taken to consolidate and plan for town-wide technology spending. The town has reached agreement with police to start on a bi-weekly pay schedule, and discussions are underway with the last remaining weekly pay group - the highway union - to do the same.

Conclusion - We commend the board of selectmen and town meeting participants for their respective roles in decisions to create and fund a town administrator position for Southampton. With a full-time administrative presence in town hall, the selectmen and residents can have confidence that there will be follow-through on decisions made, on questions asked and on actions required. The town’s ability to identify and address potential problems, and to pursue new initiatives will be enhanced. Already, progress is evident toward the implementation of many of the recommendations

we offered in our 2005 report. Moving forward, we would expect that through the government structure now in place sharper focus will be directed to other matters of interest and importance to the town. With that in mind, there are three recommendations we would offer. Two involve issues not noted in our earlier report, and one concerns a persistent problem.

In particular, the second and third recommendations encourage the town to recognize that it is in competition for quality workers with other communities. Potential employees' opinions of the work environment the town offers, and perception of how people are treated will impact the town's ability to attract and retain high quality personnel.

1) Convert the assessors from elected to appointed positions - The friction and philosophical differences among assessors in March 2005 on how the assessing department should function compelled the long time chair to resign. In the spring of 2007, no resident stepped forward to seek election to an open seat on the board and, as a result, a current member "won" with only two write-in votes. The third member of the current board was appointed in June 2007, after being recruited, to an elected seat that would have remained vacant had not the former chair, who resigned, accepted a temporary appointment. In the past two years, the board has experienced a complete turnover in membership and will begin to function with no certainty about its future.

The board of assessors is not a policy-making body where decisions are discretionary and judgment comes into play. If it were, remaining an elected board might be somewhat justified. On the contrary, establishing property values, setting the overlay and estimating new growth, in particular, are all based on data derived from the market place or the town's financial records. In Southampton, these decisions are made, for the most part, by some combination or collaboration of the accountant, finance committee chair and outside consultant.

Given the conflicts that have arisen among past board members, the recent difficulty of filling vacancies, and the uncertain qualifications of potential candidates, we see strong reasons to convert the assessors to appointed positions. Under M.G.L. Ch. 41 §25, a town meeting vote accepting this statute will authorize the selectmen to appoint assessors for terms not exceeding three years.

2) Update personnel policies / Reconstitute personnel board - Personnel by-laws, policies and regulations are typically intended to provide non-union employees with equivalent rights, benefits and protections as those granted to union employees under a collective bargaining agreement. Essential is a clear job classification system, with up-to-date salary grade and step tables, and a process for advancement that an employee can rely on to be fairly and equitably administered. Often times, a personnel function also includes the responsibility to update job descriptions, oversee the execution of a performance evaluation program; make salary and wage determinations; and ensure compliance with collective bargaining agreements, particularly in regard to grievance procedures.

In Southampton, the personnel by-law was last revised in 1997 and the accompanying rules and regulations were last revised in 1994. The by-law, rules and regulations are administered by a

five member “personnel practices and procedures board (PPPB),” three members of which are elected. Currently, two of the elected members are towns employees and, as required, one is a selectman (an elected official) and one is a finance committee member (an appointed official).

We did not interview any member of the PPPB and have no opinion on their performance or decisions as members. However, it is extremely rare among Massachusetts that elected or appointed officials, or any town employees are allowed to be members of a personnel board. By objective standards, it is not sound practice to empower some town employees to sit in judgment or make decisions impacting the compensation, benefits and livelihood of other town employees, particularly where there is no reporting relationship or formal performance evaluation program.

Ultimately, new positions or salary increases for non-union staff are determined by town meeting, but the recommendation should originate from an employee’s manager and have the endorsement of the town administrator. Nor should a decision on salary be discretionary. It should instead be guided by up-to-date and formally adopted job classifications with associated wage and salary tables which are equally applicable to all personnel. The salary classification tables we examined still contained compensation below the current state minimum wage. Other provisions of the rules and regulations relative sick leave and vacation time appeared ready for updating.

We recommend, therefore, that the selectmen appoint a citizen committee to review the town’s personnel by-law, its rules and regulations, and the role of the PPPB with the intent of identifying deficiencies, inequities and updating its practices. Among the changes, we strongly recommend the town adopt a by-law that disqualifies town appointed or elected officials and employees from appointment to the personnel board.

3) Address town hall physical plant issues - As in 2005, we wish to once again add a voice to those who recognize the need to locate a proper home for town government. There has been progress. Petrone-Beckley Consulting (Sunderland, MA) was engaged to complete a reuse study of the Larrabee School and, in its June 2006 report, recommended a mixed municipal and office/commercial use of the space. The architectural firm of Caolo & Bieniek Associates, Inc. (Chicopee, MA) together with additional engineers were then contracted to develop an analysis of the existing building and site conditions, and architectural plans and construction cost estimates to achieve the recommended property reuse. The selectmen responded by creating a committee to communicate the substance of the reports to residents.

Although the focus of the study was reuse of the Larrabee School, our emphasis here is on the need to address town hall space issues. We understand that this involves complicated circumstances and high cost options. Nonetheless, we encourage the town to take advantage of the momentum achieved, commit to a timetable for decisions necessary to move the process forward.