

TOWN OF HAMILTON
HAMILTON and WENHAM Boards of Selectmen
NOVEMBER 29, 2011

The Hamilton and Wenham Boards of Selectmen met at the Hamilton-Wenham Public Library at 7:00 p.m. on Tuesday, November 29, 2011 with Hamilton Board of Selectmen, Hamilton Finance Committee and Town Manager Michael Lombardo, Finance Director Deborah Nippes-Mena and Treasurer/Collector Cheryl Booth present.

Continuation of Finance Department Merger Discussion

Town officials met with Wenham counterparts in the second of three working session meetings to discuss possibility of merging finance departments in Hamilton and Wenham. There has been a request for a vote to be taken at third meeting on December 7 to decide whether or not to move ahead with merger.

Discussion was prompted due to Wenham's finance director and assistant treasurer/collector positions being open, current way both towns manage their finance departments is unsustainable due to inadequate resources, shortage of skilled municipal finance employees creating a competitive job market, and need for human resource management to keep up-to-date on rapidly changing state and federal requirements related to municipal finance.

Finance Director Deborah Nippes-Mena would oversee joint endeavor as described in a proposed intermunicipal agreement being deliberated with upper management, legal and labor counsels and audit firms from both communities.

Town Manager Michael Lombardo noted need for strategic financial analysis and long-term planning since Nippes-Mena's time is presently consumed by accounting responsibilities.

Combining finance departments would allow for greater budget development sophistication and effectiveness between two towns and regional school district. Operating expenses for two towns would remain segregated and unchanged.

Further rationale for proposal was opportunity to create proper procedural manuals, cross train finance personnel so more than one person can carry out specific department responsibilities, archive data more effectively and develop

operational structure to create resilience and maintain work productivity when there is a loss of staff.

Cost savings could be realized for Wenham since it would cost community as much as \$31,000 more annually to hire a new finance director at market rate. Also, cost of human resource management could be mitigated if an HR/payroll person was hired.

Issues discussed included transitional costs such as migrating Wenham to Munis software at a cost of \$220,000. The two towns would apply jointly for a New Innovation Challenge Grant from the state to meet a January 15 deadline. Announcement on what applicants will receive grant is expected in February.

Nippes-Mena noted that Hamilton is already using cloud computing.

Management officials gave presentation summarizing comprehensive report on Hamilton-Wenham Finance Department Merge Assessment. To answer what efficiencies can be expected, possible conflicts of interest, posting requirements for positions, examples of similar consolidations, explanation of "better work product", recommended exit strategy and/or success analysis and availability of time from Finance Director to dedicate to two town budget processes.

Both town budgets are 60% to 70% dedicated to joint departments and shared services with ongoing regionalization through merged DPW grounds maintenance and combined building maintenance. Therefore, benefit would be realized from oversight of one Finance Department where duplication including redundant positions would be eliminated and budget process improved.

Discussion about need for human resource/benefits employee to provide training on harassment policy, provide most up-to-date information on FMLA, national and state policies, be approachable to employees to explain benefit choices as well as be involved in hiring, exit interviews and firing.

Finance Committee member Joe Santarelli and Jeff Hubbard expressed concern about hiring another employee in these tight budget times and suggested that MIIA could provide benefits education service or that outsourcing should be investigated.

Management officials mentioned that an HR support person focused on payroll and benefits would reduce risk by decreasing errors and enable Nippes-Mena to

provide a higher level of financial support. They thought that hiring a HR person would be more efficient and cost effective than outsourcing.

Discussion about how a combined finance department and human resources/benefit support person would eliminate need for a lead community and associated administrative fee. This is seen currently with merged DPW grounds maintenance and centralized building maintenance.

Officials addressed concerns about conflict of interest having conferred with legal counsel and auditors stating that a set of agreed upon operational rules and procedure guidelines would be included in an intermunicipal agreement.

It was noted that Wenham's labor counsel had said since proposed merger constitutes a reorganization that only new positions would have to be posted (i.e., payroll/benefits coordinator).

Examples were given of where merged finance departments are occurring successfully in Franklin County and in Kansas.

Discussion about how Finance Director's current role of providing Town Manager with budget numbers not opinions for Board of Selectmen decisions would continue in new capacity. Also, that Nippes-Mena would be serving two towns individually in budget processes not setting policy. It is expected that in the first year if the finance departments were merged that there would be higher demand on Finance Director's position.

Discussion about whether or not merged finance departments should be an interim or permanent solution and dependency on towns receiving \$220,000 grant for MUNIS transition. Management officials recommended to Selectmen and Finance Committees that if interim solution using Hamilton finance employees to support Wenham is put in place it should continue until end of fiscal year on June 30 to provide stability in budget process cycle.

Discussion about preparation for December 7 meeting and resolving conflict of interest concerns regarding protection of confidential information unique to each community (i.e., negotiation strategy with ECO union) that could be accomplished in well-written intermunicipal agreement.

Also, regardless of whether or not towns receive grant, challenges of operating municipalities effectively with current finance department support does not go

away. Officials from both towns suggested that structural changes in how communities do business are essential (i.e., budget planning in 18-month versus 12-month window).

Discussion on officials' interest in receiving specific information on economics of interim agreement (i.e., existing costs versus projected savings), belief that action should be taken to post Wenham's open finance positions simultaneous to merger discussion and recommendation that decision be made on whether or not Town Meeting vote is required to make interim merger permanent.

Scuteri entertained a motion for the Hamilton Board of Selectmen to adjourn at 9:59 p.m. Jeff Stinson so moved. David Carey seconded motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST: _____
Clerk