



Towns of Hamilton and Wenham

# **Enhanced Regionalization and Merger Analysis**

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Division of Local Services / Technical Assistance Section

June 2009



June 26, 2009

Board of Selectmen  
Town of Hamilton  
577 Bay Road  
Hamilton, MA 01936

Board of Selectmen  
Town of Wenham  
138 Main Street  
Wenham, MA 01984

Re: Hamilton-Wenham Merger and Regionalization Enhancement Analysis Proposal

Dear Board Members:

It is with pleasure that I transmit to you this Enhanced Regionalization and Merger Analysis completed by the Division of Local Services (DLS) for the Towns of Hamilton and Wenham. It is our hope that the information presented in this report will assist the towns in reaching further collaborations to improve their financial management practices, create efficiencies and meet long-term planning needs.

As a routine practice, we will post the completed report on-line at the DLS website within seven-to-ten days. Also, we will forward a copy of the report to the towns' state senator and representative, among others.

If you have any questions or comments regarding our observations and conclusions, please feel free to contact Rick Kingsley, Chief, DLS Municipal Data Management and Technical Assistance Bureau at 617-626-2376 or at [kingsleyf@dor.state.ma.us](mailto:kingsleyf@dor.state.ma.us).

Sincerely,

A handwritten signature in black ink that reads "Robert G. Nunes". The signature is written in a cursive, flowing style.

Robert G. Nunes  
Deputy Commissioner and  
Director of Municipal Affairs

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## Introduction

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Increasingly tight budgets have caused a steady decline in the number of town hall employees. At the same time, towns have statutory duties that, to be fulfilled, require them to employ staff, perform functions and maintain offices. Faced with these circumstances, municipalities have little choice, but to explore whether fewer employees devoting less time to their jobs can adequately meet their legal responsibilities, as well as maintain the service levels expected by taxpayers.

With these types of issues in mind, the Hamilton Board of Selectmen requested that the Department of Revenue (DOR) State Division of Local Services (DLS) conduct a financial management review for the town. In the course of that review, completed in November 2008, the DLS project team frequently heard mention of the successful steps the town had taken with the Town of Wenham to share costs. Almost universally, opinions were that additional opportunities needed to be pursued to combat ongoing operating cost increases including the possible corporate merger of the two towns. It was further acknowledged that the subject of a merger, though lacking consensus, is today more widely and openly discussed among local officials and residents of each town than in the past.

Municipal budget trends have also prompted discussion at DLS on how prospects for towns to regionalize, share costs or outsource services at a savings might be enhanced. Toward this end, we envision that DLS can fulfill a needed role to help communities move from internal debate to mutual agreements and navigate through a process that is, at present, generally ill-defined and uncharted. DLS offers an independent third-party perspective and long-standing expertise in municipal finances and operations. Services are available at no cost to municipalities. As a result, it is uniquely positioned to add valuable information and analysis to the emerging discussions, taking place throughout the Commonwealth, on the subjects of shared services and mergers.

In this context, we put forward a proposal to complete a merger analysis for the Towns of Hamilton and Wenham. Subsequent conversations with selectmen and town administrators from each community brought to light an equal, if not greater, local interest in new prospects for regionalization. Because of past successes and continued like-mindedness in this regard, new collaborations to share costs are thought to provide more realistic and practical options for the immediate future. We agree and our report incorporates that point of view.

By January 9, 2009 the boards of selectmen in Hamilton and in Wenham accepted the DLS proposal to complete an enhanced regionalization and merger analysis. Over the ensuing months, data from each town were collected relative to personnel, operating budgets and collective bargaining agreements. Interviews with local officials and key staff members were conducted during site visits. All DLS staff in Boston served as a resource and independent research was conducted to gather specialized knowledge and information. Methodologies were developed, analyses were completed, and a draft of our conclusions was prepared. The final

report was presented simultaneously to each town's selectmen in mid-July 2009 and was later released to the general public. The report is also posted on the DLS website at [www.mass.gov/dls](http://www.mass.gov/dls).

We express our gratitude to the selectmen of Hamilton and Wenham for accepting our proposal to initiate and complete this project. We thank each town administrator and town finance director for their support throughout the process. In particular, we appreciate the cooperation of the Hamilton interim police chief and fire chief and the Wenham police and fire chiefs who provided meaningful data to the analysis. In this report, we have fulfilled an intent to add valuable information to local discussions on how mergers and consolidations might help to hold down the cost of municipal government and provide tax relief to property owners. More broadly viewed, this effort has allowed DLS to produce a blueprint for communities throughout Massachusetts that seek to achieve similar goals.

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## Report Conclusions +

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### Full Merger

The conclusions of this report support the fundamental premise that the merger of two towns into one can produce overall dollar savings, higher service levels and efficiencies in the operation of local government. Communities will then have a choice whether to divert savings to other municipal purposes, to leave savings unspent or to reduce property taxes. However, unless dollar savings are significant and are applied directly to the levy, property tax relief will not occur or will not flow equitably to residents in both towns.

In our analysis, we project that as one town Hamilton and Wenham could operate on a budget of \$42,173,306 which would be \$752,438 lower than the towns' FY2009 appropriations added together. If not for the loss of regional school transportation aid in a full merger, potential savings would have been as high as \$1.3 million. Salaries are projected to decline by an estimated \$915,146, but the savings are offset by a projected operating expense increase of \$162,708.

Salary savings are directly attributable to the elimination of 14.8 net general government positions. The initial calculation of operating expenses also produced savings, of \$385,477, which were fueled by a reduction of \$156,228 in town retirement contributions, employee health benefits, FICA and Medicare payments associated with fewer staff. However, operating expense savings are consumed and overwhelmed by a revenue loss associated with the conversion to a local school system from a regional system. The annual transportation reimbursement from the state to the regional school district (\$548,185 in FY2009) will not be available to the new town school district. Compensating for the revenue loss represents an added cost to the school (and town) budget. Rather than a reduction, the result is a net increase of \$162,708 in operating costs were the towns to merge.

The overall dollars saved through a merger can be diverted in the annual budget to other municipal purposes where needs exist. In this way, at-risk services can be protected and the town can avoid drawing on reserves. Alternatively, the savings can remain unspent by adjusting revenue projections (i.e., local receipts) for the next budget downward. The outcome would be a lower operating budget and the likelihood of excess funds at year-end which would increase the town's free cash. While these are positive outcomes, in neither instance will any town residents benefit from lower property tax bills.

If, as a merged town, Hamilton and Wenham were to tax at a level consistent with their past practices (99.97 and 99.94 percent of their respective levy limit in FY2009), the extrapolated levy would be 99.96 percent of their combined levy limit. This results in a new single tax rate of \$14.66 which would be lower than the FY2009 Hamilton tax rate of \$15.23 and higher than the Wenham tax rate of \$13.71.

Consequently, when property taxes are calculated using the new rate, Hamilton residents would experience a 3.7 percent property tax decline and Wenham residents would pay a 7.0 percent tax increase. For the average single family home owner, the dollar difference would be a \$292 tax bill reduction in Hamilton and a \$618 increase in Wenham in FY2009. The impact on home owners would vary depending on the assessed value of their property.

Using the overall savings of \$752,438 from a full merger to lower the tax levy in a merged town produces a slightly lower combined tax rate of \$14.34 and a levy of 97.7 percent of the levy limit. The average home owner in Hamilton would benefit from a 5.9 percent and \$462 decline in property taxes. The average single family property owner in Wenham would pay 4.6 percent, or \$405, more than they paid in FY2009 real estate taxes.

If a merger goal is to avoid tax increases for all property owners, the dollar savings from the merger must be applied to lower the tax levy, and the amount must be large enough to produce a tax rate for the new town which is less than the lowest tax rate among participating towns. This can be accomplished through the approval of a Proposition 2 ½ Underride by the new joint town meeting and by town voters. Just as an Override increases the amount of property tax revenue a municipality can raise each year, an Underride decreases the amount. Otherwise, to avoid property tax increases for all residents, the towns must voluntarily create excess levy capacity by imposing taxes at less than the levy limit.

For Hamilton and Wenham, a merger must generate approximately \$2.2 million in savings, all of which must be eliminated from the levy limit through an Underride or it must be used to reduce the tax levy to 93.46 percent of the levy limit. With \$2.2 million less to raise in property taxes, the resulting tax rate would then be \$13.71 which would equal the Wenham FY2009 tax rate. Under this scenario, Hamilton residents would realize a 10 percent decline in real estate taxes, and the Wenham property owners would be held harmless. With budget reductions beyond \$2.2 million and taxation at less than 93.46 percent of the levy limit, the tax rate would decline further and Wenham residents would also begin to see property tax declines.

Dollar issues aside, merging two governments would necessitate a carefully coordinated and comprehensive three-year process. Working together through a joint government study committee, the towns would have to develop a charter proposal and, if presented as a special act, secure its approval from town meetings, town voters and the State Legislature. Alternatively, with the election of charter commissions, only local approvals of the charter proposal are needed, but the State Legislature will have to approve special legislation authorizing the merger.

In either event, the complete succession of government would have to be orchestrated. The election of new officials and the appointment of boards, committees and commissions would have to be planned. Agreements between the individual towns would have to be reached on new bylaws, zoning, operating procedures, personnel policies and financial management practices. Merging technologies would be labor intensive and costly, but also critical. Most significant, it would be necessary to negotiate new union contracts. A town, or towns, cannot nullify or circumvent the terms of collective bargaining agreements when acting under an inter-municipal

agreement or a statute that enables the consolidation of services through the creation of districts. We also doubt that language in a special act seeking to unilaterally by-pass union contracts would be well received by the State Legislature. Such changes are deemed to constitute a change in the terms and conditions of employment for town workers, which in turn, would trigger mandatory bargaining.

To achieve full merger goals, we envision the formation of various planning committees which would begin work on wide-ranging transition issues years in advance of a proposed merger date. Once all local and state approvals are obtained, implementation of a transition plan would play out over a full year. During that 12 month period, which would immediately precede a July 1 effective date of a full merger, the towns would continue to operate separately, but would gradually move toward consolidation.

Finally, because a consolidation of towns has not occurred since 1911 in Massachusetts, we would expect that there are yet to be discovered issues and the potential for unforeseen conflicts to surface. Therefore, one-time transition costs for outside consultants should be anticipated. Included would likely be expenditures for town counsel, labor counsel, technology consultants, police and fire consultants, as well as other experts to work through transition logistics, the transfer of power and succession of governments. Other one-time costs might also include the need for capital investment in facilities, technology or for operational purposes.

In any event, estimating transition costs is difficult and inexact. We were able to identify only a few instances, dating to 1991, where communities in one state and in Canada have merged and although costs were extrapolated, they lack certainty. With that caveat, we project that transition expenses for Hamilton and Wenham could range between \$500,000 and \$1 million.

### Enhanced Regionalization

As part of an enhanced regionalization analysis, we examined each potential area of consolidation individually. We considered the operational pros and cons of sharing a service or merging a department. We assessed the financial impact on each town if all merger opportunities were pursued and implemented at the same time and when consolidations of departments or functions were to occur incrementally. For public works we also looked at relative road miles, number of parcels and population. For inspectional services we considered the number of annual building permits and population. Even accounting for these factors, the overall perspective on cost allocation did not change in a significant way.

We concluded that the following departments or functions represent consolidation opportunities for Hamilton and Wenham. Cost savings are projected in eight instances. In six other departments, we projected no dollar savings, but greater efficiencies and more effective operations may be attainable.



| <b>Enhanced Regionalization</b>    | <b>Hamilton</b>  | <b>Wenham</b>    | <b>Total FY2009</b> | <b>As Merged</b> | <b>Savings*</b> |
|------------------------------------|------------------|------------------|---------------------|------------------|-----------------|
| Police                             | 1,397,641        | 1,095,933        | 2,493,574           | 1,979,435        | -514,139        |
| Water Enterprise (excl water debt) | 564,955          | 347,598          | 912,553             | 813,732          | -98,821         |
| DPW-Hwy-Parks-Cemetery             | 885,550          | 806,136          | 1,691,686           | 1,642,653        | -49,033         |
| Fire                               | 558,730          | 485,816          | 1,044,546           | 1,013,841        | -30,705         |
| Conservation Commission            | 27,020           | 25,724           | 52,744              | 30,778           | -21,966         |
| Animal Control                     | 11,400           | 13,731           | 25,131              | 18,750           | -6,381          |
| Planning Board                     | 37,618           | 2,045            | 39,663              | 38,118           | -1,545          |
| Board of Health                    | 97,191           | 24,450           | 121,641             | 121,520          | -121            |
| <b>Totals</b>                      | <b>3,580,105</b> | <b>2,801,433</b> | <b>6,381,538</b>    | <b>5,658,826</b> | <b>-722,712</b> |

| <b>Enhanced Regionalization</b> | <b>Hamilton</b> | <b>Wenham</b> | <b>Total FY2009</b> | <b>As Merged</b> | <b>Savings</b> |
|---------------------------------|-----------------|---------------|---------------------|------------------|----------------|
| Veterans Benefits               | 28,156          | 17,632        | 45,788              | 45,788           | 0              |
| Technology                      | 76,300          | 75,340        | 151,640             | 151,640          | 0              |
| Public Safety Building          | 84,390          |               | 84,390              | 84,390           | 0              |
| Emergency Management            | 3,250           | 1,500         | 4,750               | 4,750            | 0              |
| Ambulance                       | 35,000          | 48,980        | 83,980              | 83,980           | 0              |
| Council on Aging                | 10,380          | 20,367        | 30,747              | 30,747           | 0              |

\* The Savings is the As Merged amount less the Hamilton and Wenham Total FY2009 amount.

In a full regionalization scenario, we would expect action at the same time to consolidate all the departments or functions. If the assessed value cost allocation ratio used by Hamilton and Wenham in other inter-municipal agreements (64.25 percent versus 35.75 percent) were applied uniformly to the merged budgets, the results favor Wenham, as the town spends proportionately more on these services. The town would accrue savings totaling \$778,403.

When the projected operating expenses of the merged departments are evenly divided between the two towns, the result was a reversal in the way savings were allocated. Savings to Hamilton would be \$750,692 and Wenham would incur an expense increase of \$27,980.

Using a 57:43 percent expense contribution split for Hamilton and Wenham more closely aligns the town respective contributions to the operating costs of the merged departments. Hamilton would benefit by \$354,574 and savings to Wenham would be \$368,138.

This exercise demonstrates the sensitivity of allocation ratios to the division of departmental operating costs and associated cost savings when communities seek to consolidate services. Not accounted for in these scenarios are administrative cost, the value of capital assets devoted to the particular municipal purpose or transition costs, if any. The ability to adjust these variables could be useful in efforts to reach balanced agreements.

With a view toward long-term equity and savings, the towns could enter an agreement that schedules over time the consolidation of various departments or functions. They will then have the flexibility to adjust allocation ratios on a department by department basis, rather than uniformly applying a single ratio. Administrative costs can be used to help equalize financial impacts and the value of currently contributed or future capital assets can be incorporated as well.

Ultimately, there are opportunities for enhanced regionalization between Hamilton and Wenham, plus other communities in the immediate and long range future; although how they impact each town is clearly a function of the allocation methods used.

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## Hamilton and Wenham Today

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Early settlements were established in what is now Hamilton in 1638 and Wenham in 1635. Hamilton was referred to as “The Hamlet” and was part of Ipswich, while the original name of Wenham was Enon and it was a part of Salem. Much later, in 1793, Hamilton was incorporated as a town, taking its name from Alexander Hamilton, the young nation’s first Treasury Secretary. Wenham was granted incorporation by the State Legislature in 1643, soon after it was settled, and was at that time given its current name, which is derived from Wenham, England.

Today, both the towns of Hamilton and Wenham rely primarily on state statutes to define the roles and responsibilities of local officers, and follow informal policies that guide financial procedures. Neither community has adopted a town charter. Hamilton bylaws are few and speak only to the annual town meeting; the authority of selectmen; the collection of taxes; and provide for a finance committee. The Town of Wenham bylaws are equally sparse and address similar topics with far fewer words. While a case can be made for reviewing, updating and enhancing each town’s bylaws, or for adopting a charter, the absence of codified local laws can be a positive. Without charters and comprehensive bylaws, it is less likely that conflicts will arise when language to consolidate services is drafted.

Within this framework, the two towns operate under similar government structures. Three selectmen preside over each town’s business, subject to the legislative authority of an open town meeting. A town administrator oversees municipal departments on a day-to-day basis and a finance director manages finance-related offices and monitors fiscal activity. In each town, the treasurer and collector position is combined and appointed. Each town has a three member board of assessors, who are elected, and a full-time assessing director who oversees daily office activity.

All other positions, boards, committees and commissions required by state law are filled in each town and, we would assume, function in accordance with their statutory mandate. Residents in each town also serve, as volunteers, on a wide range of discretionary and ad hoc committees. (See Appendix B)

There are differences as well between the two towns. In Hamilton, the finance director also serves as the accountant, while in Wenham she is the treasurer/collector. Hamilton has a formal department of public works. Wenham does not. Inspectional services in Hamilton are combined into one department. In Wenham, they are separate functions.

Although the number of staff in corresponding offices may differ, overall, the same position in each town fulfills the duties and responsibilities required of it by state law. Other tasks may be assigned differently depending on local custom or practice. The same may be said of procedures, such as the budget process but, overall, these variances are not great. A minor exception involves the town administrators whose respective roles have evolved differently in each town.

Of singular interest are the police and fire departments. At full complement, the Hamilton police department would be comprised of a chief, a lieutenant, three sergeants and 10 patrol officers, two of whom also serve as detectives. However, the department is in transition and its ranks are depleted due to resignations and officers on disability leave. Among the vacant positions is the chief of police. Wenham budgeted for a police force of 10, including a chief, captain, two sergeants and six patrolmen, one of whom is a detective. Hamilton and Wenham departments both rely on “reservists” to backfill shifts, especially at night and on weekends, when regular officers are unscheduled or unavailable.

The fire departments in both towns are a combination full-time and “call” operation. In Hamilton, a chief, fire inspector and two firefighters each work 40 daytime hours per week. A pool of 33 firefighters, who are divided into three companies, are “on-call” 24/7. Twenty-one of the on-call firefighters reside in the town. The Wenham fire department operates much the same way. A chief and fire prevention officer are in the station 30 and 40 hours per week, respectively, and 32 “call” firefighters are also available, seven of whom including the chief reside in the town. Each station houses seven vehicles and between them are five pumpers, two ladder trucks and two pick-up trucks.

Both towns now contract with Lyons Ambulance Service for basic and advanced life support, in addition to transportation services. Until recently, the police department in Hamilton responded to medical calls in one of two ambulances the town owns. Wenham owns a rescue truck which is equipped to provide basic life support, but is not used in transport.

The two towns already share the cost of an emergency dispatch center where calls to both towns’ police and fire departments are received. Call details are maintained in a common electronic records system. This may change in the future if the planned regional dispatch center for 11 Essex County communities opens.

For both towns, employee benefits are set in personnel practices for non-union members and in collective bargaining agreements for union members. For public safety and public works personnel in both towns full-time is a 40 hour work week. Otherwise, full-time is 37.5 hours in Hamilton and 35 hours per week in Wenham. Salary and wage ranges vary, as do benefits. With union approvals in-hand, Wenham will join the State Group Insurance Commission, which will provide employee health care programs beginning in FY2010. Hamilton continues to offer a variety of health benefit options to employees. For active employees, contribution ratios vary based on the program. Differences also exist in how employees accrue sick leave and vacation time.

The towns also rely on various software packages to track and manage financial activity. Finance offices in Hamilton use MUNIS, while their counterparts in Wenham rely on VADAR financial management software. Both assessors’ offices have Vision appraisal software, but operate on different versions. Both collectors contract with Century Bank for a lockbox service and with Unibank for on-line payment capability. Both towns contract with Harper’s Payroll

Service. Other software, designed for a specific purpose (i.e., licensing), is in use but not common to both towns.

An inventory provided by each town shows public facilities numbering 10 in Hamilton and 13 in Wenham. With the exception of town halls, police and fire stations, and public works facilities, remaining properties appear to serve identifiable needs and are not viewed as duplicative. They include pump stations, cemeteries, school buildings, parks and other miscellaneous properties.

In 2007, the Town of Hamilton completed the construction of a new, 31,165 square foot public safety building. Located approximately one mile north of the Wenham police and fire stations, it houses the town's police and fire departments, as well as the Hamilton-Wenham jointly operated communications center. The Town of Wenham completed construction of its police station in 2007, but together with the fire station, these two buildings comprise a smaller facility than the Hamilton public safety building. Town halls can also be distinguished. The 7,500 square foot Wenham town hall underwent a complete renovation in 2007 and now functions as a modern facility. The Hamilton town hall, built in 1897, has been maintained and upgraded on an ad hoc basis, but could easily absorb major rehabilitation dollars.

In regard to sharing costs, Hamilton and Wenham are more successful than most, if not all, other Massachusetts cities and towns. Initial agreements date back to 1959 with the establishment of the regional school district. In 2001, the two towns jointly constructed and now operate a library. The recreation departments are merged. The towns share the cost for a senior shuttle van as well as mutually support an emergency communications center. A joint capital management advisory committee has formed and most recently the towns have agreed in principle to share a facilities director. The towns are also presently exploring collaborative opportunities in relation to police, highway, personnel and water services.

These successes are due in large part to the willingness of local officials - the selectmen in particular - to reach across town boundaries and focus discussion on common interests and the prospects for generating mutual benefits. A sound working relationship may also be the product of other connections between the two towns. This is not to say that Hamilton and Wenham are more alike than different. Hamilton (14.6 square miles; 8,188 people) has almost twice the land area and population as Wenham (7.7 square miles; 4,615 people). Hamilton has a FY2009 budget of \$26.4 million. Wenham has a FY2009 budget of \$16.6 million. Both communities have community preservation committees, but to fund projects Hamilton has adopted a two percent surcharge and Wenham has adopted a three percent surcharge. And, long-standing differences in attitudes, cultural contrasts and conflicting perspectives in general are often alluded to.

However, there are consistencies in other comparisons. For instance, in equalized valuation per capita, income per capita and total spending per capita, the towns are closely aligned. The FY2009 average single family tax bill in Hamilton and Wenham are ranked 24<sup>th</sup> and 13<sup>th</sup> and are both ranked in the top 7 percent among all Massachusetts communities. Despite the

difference in the relative number of total residents, population density is nearly equal (561 people per square mile in Hamilton and 598 in Wenham). Land uses are also similar. In FY2009, 83.8 percent of total assessed value in Hamilton and 82.1 percent in Wenham are attributable to residential properties. These and other comparisons are shown in the charts that follow.

Overall, the Towns of Hamilton and Wenham have a sufficient history, a sustained interest and a range of characteristics in common that, while not prerequisites, justify efforts to explore further inter-municipal collaborations.

### Demographic Information

| Demographic Information | Hamilton | Wenham |
|-------------------------|----------|--------|
| Population              | 8,188    | 4,615  |
| Households              | 2,668    | 1,635  |
| Persons per household   | 3.07     | 2.82   |
| Square miles            | 14.6     | 7.7    |
| Persons per square mile | 561      | 598    |
| Road miles              | 51.8     | 32.1   |
| Total parcels           | 2,788    | 1,375  |
| Parcels per square mile | 187      | 170    |
| Parcels per road miles  | 62       | 52     |
| Residential parcels     | 2,336    | 1,081  |
| % residential parcels   | 83.8%    | 78.6%  |
| Parcels in chapter land | 31       | 15     |
| % chapter land          | 1.1%     | 1.1%   |

### FY2009 Financial Data

| Financial Information                | Hamilton      | Wenham      |
|--------------------------------------|---------------|-------------|
| Per capita income (1999)             | 33,222        | 36,812      |
| Median household income (2007)       | 85,799        | 107,874     |
| Total assessed value                 | 1,437,246,401 | 853,767,317 |
| Residential assessed value           | 1,205,005,300 | 701,147,100 |
| % residential assessed value         | 83.8%         | 82.1%       |
| Average single family assessed value | 515,841       | 648,610     |
| FY2009 Appropriation                 | 26,364,996    | 16,560,749  |
| Revenues                             |               |             |
| Tax levy                             | 21,889,263    | 11,705,150  |
| State aid                            | 1,075,773     | 592,643     |
| Local receipts                       | 3,377,466     | 2,829,875   |
| Misc./other                          | 22,494        | 1,433,081   |
| Tax levy as % of budget              | 83.0%         | 70.7%       |
| State aid as % of budget             | 4.1%          | 3.6%        |
| Spending per capita                  | 3,220         | 3,588       |
| Average single family tax bill       | 7,856         | 8,892       |
| Tax bill rank state-wide             | 24            | 13          |
| Bond rating                          | A1            | Aa3         |
| General fund debt service            | 869,121       | 671,662     |
| Water Enterprise debt service        | 148,000       | 124,285     |

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## Full Merger Analysis

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A primary goal of this report is to present a government structure option and joint municipal budget for Hamilton and Wenham as if they were merged and existed today as a single town. The last merger of Massachusetts communities occurred in 1912 when the City of Boston annexed the Town of Hyde Park. Under the provisions of a Special Act passed by the General Court and signed by the Governor in May 1911, registered voters of Boston and Hyde would approve or reject the annexation at the next November elections. It was approved and Hyde Park immediately became Ward 26 in Boston. By January 1912, the physical transfer of town records to the city was completed, while full assimilation had to wait until Hyde Park residents voted as Boston citizens in the November 1912 elections.

Although annexation is not at issue here, we describe the means by which Hamilton and Wenham might achieve a merger. While we provide a possible timetable and plan for moving from individual towns to a combined community, we do not speculate on when that should occur. Nor do we forecast cost escalations into an anticipated year of merger. Our analysis is based on the towns' FY2009 budget as well as staffing levels, technology, contracts, etc., in each town at the start of the fiscal year. Any budget or staff adjustments made during FY2009 are not incorporated.

The chart on the next page summarizes the FY2009 budget by department or function for each community and provides corresponding budget levels for offices in a new merged town. The combined budget, with greater salary and expense detail, is included in Appendix C with notes to describe any adjustments made.

The methodology used to arrive at our conclusions first involved the collection and review of data gathered from the Towns of Hamilton and Wenham. Focus was placed on personnel in general and on paid positions in particular. Staffing levels and individual responsibilities were examined within each town government. At the same time, but in a separate analysis, salary, wage and benefit information was drawn from collective bargaining agreements, personal service contracts, town personnel guidelines and the FY2009 budgets from the two towns. Decisions were made relative to anticipated staff levels in a combined community. Then, salary and wage levels were assigned to the positions. Information gathered in surveys of towns comparable to a combined Hamilton and Wenham were used to validate or adjust our conclusions. Those towns and relevant data are in Appendix D.

Salary, wage and benefits within collective bargaining agreements were closely scrutinized only in relation to the police, fire and DPW employees. Judgments as to how competing provisions might be reconciled, particularly for police and fire, but less so for DPW workers, were necessary to arrive at a budget under a merged town scenario. A more detailed discussion of collective bargaining agreements is included in the police sections of this report.

Departmental expenses were projected based on an analysis of each town's FY2009 appropriation. Adjustments were made to account for changes in the volume of work anticipated in a larger town. Accounted for were expenditures (i.e., sick leave/vacation time buy backs) that

|                                  | Hamilton            | Wenham              | Combined            | As Merged           | Difference        |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Moderator                        | \$0                 | \$50                | \$50                | \$50                | \$0               |
| Selectmen                        | 20,179              | 19,812              | 39,991              | 37,608              | -2,383            |
| Town Administration              | 153,834             | 95,956              | 249,790             | 266,468             | 16,678            |
| Public Buildings & Maintenance   | 109,574             | 190,835             | 300,409             | 178,985             | -121,424          |
| Personnel Board                  | 350                 |                     | 350                 | 350                 | 0                 |
| Finance & Advisory Board         | 120,250             | 150,250             | 270,500             | 175,250             | -95,250           |
| Town Counsel                     | 71,000              | 22,000              | 93,000              | 93,000              | 0                 |
| Town Clerk                       | 98,200              | 47,466              | 145,666             | 107,756             | -37,910           |
| Elections & Registration         | 31,496              | 20,975              | 52,471              | 52,471              | 0                 |
| Veterans Benefits                | 28,156              | 17,632              | 45,788              | 45,788              | 0                 |
| Memorial Day Celebrations        | 2,000               |                     | 2,000               | 2,000               | 0                 |
| Historic Commission              |                     | 300                 | 300                 | 300                 | 0                 |
| Town Clockwinder                 |                     | 1,158               | 1,158               | 1,158               | 0                 |
| Band                             |                     | 500                 | 500                 | 500                 | 0                 |
| Finance Offices                  | 467,127             | 283,926             | 751,053             | 565,470             | -185,583          |
| Computer                         | 76,300              | 75,340              | 151,640             | 151,640             | 0                 |
| Audit                            | 26,500              | 18,000              | 44,500              | 44,500              | 0                 |
| Police                           | 1,397,641           | 1,095,933           | 2,493,574           | 1,979,435           | -514,139          |
| Public Safety Building           | 84,390              | 0                   | 84,390              | 84,390              | 0                 |
| Emergency Management             | 3,250               | 1,500               | 4,750               | 4,750               | 0                 |
| Animal Control                   | 11,400              | 13,731              | 25,131              | 18,750              | -6,381            |
| Fire                             | 558,730             | 485,816             | 1,044,546           | 1,013,841           | -30,705           |
| Ambulance                        | 35,000              | 48,980              | 83,980              | 83,980              | 0                 |
| Planning Board                   | 37,618              | 2,045               | 39,663              | 38,118              | -1,545            |
| Conservation Commission          | 27,020              | 25,724              | 52,744              | 30,778              | -21,966           |
| Chebecco Woods                   | 1,600               |                     | 1,600               | 1,600               | 0                 |
| Iron Rail                        |                     | 53,439              | 53,439              | 53,439              | 0                 |
| Inspectional Services            | 110,161             | 60,679              | 170,840             | 175,028             | 4,188             |
| Board of Appeals                 | 1,649               | 1,015               | 2,664               | 2,664               | 0                 |
| Board of Health                  | 97,191              | 24,450              | 121,641             | 121,520             | -121              |
| DPW-Parks-Cemetery               | 885,550             | 806,136             | 1,691,686           | 1,642,653           | -49,033           |
| Water Enterprise                 | 712,955             | 471,883             | 1,184,838           | 1,086,017           | -98,821           |
| Snow Removal                     | 109,100             | 98,350              | 207,450             | 207,450             | 0                 |
| Street Lights                    | 46,000              | 48,000              | 94,000              | 94,000              | 0                 |
| Sanitation Collection & Disposal | 96,550              | 256,500             | 353,050             | 353,050             | 0                 |
| Waste Reduction Enterprise       | 327,800             |                     | 327,800             | 327,800             | 0                 |
| Debt                             | 869,121             | 671,662             | 1,540,783           | 1,540,783           | 0                 |
| Essex County Retirement          | 505,612             | 341,586             | 847,198             | 778,171             | -69,027           |
| Group Health/Life Insurance      | 697,229             | 613,818             | 1,311,047           | 1,238,865           | -72,182           |
| FICA/Medicare/Unemployment       | 44,100              | 35,761              | 79,861              | 69,409              | -10,452           |
| General Insurance                | 162,325             | 128,169             | 290,494             | 285,927             | -4,567            |
| Other Amounts to be Raised       | 862,680             | 287,172             | 1,149,851           | 1,149,851           | 0                 |
| Emergency Report Center          | 334,495             | 0                   | 334,495             | 334,495             | 0                 |
| Hamilton-Wenham RSD              | 15,860,621          | 7,402,243           | 23,262,864          | 23,811,049          | 548,185           |
| North Shore Regional Voc         | 145,850             | 33,564              | 179,414             | 179,414             | 0                 |
| Council on Aging                 | 10,380              | 20,367              | 30,747              | 30,747              | 0                 |
| Elder Van Program (see below)    |                     | 56,192              | 56,192              | 56,192              | 0                 |
| Library (see below)              |                     | 701,227             | 701,227             | 701,227             | 0                 |
| Recreation                       | 82,311              | 0                   | 82,311              | 82,311              | 0                 |
| Budget Adjustments               | 1,041,701           | 1,830,607           | 2,872,308           | 2,872,308           |                   |
| <b>FY2009 TOTAL BUDGET</b>       | <b>\$26,364,996</b> | <b>\$16,560,749</b> | <b>\$42,925,745</b> | <b>\$42,173,306</b> | <b>-\$752,438</b> |

appeared to be one-time, non-recurring costs. More often than not, expense appropriations from the two towns were added together and inserted in the budget for the combined departments without change. We considered the impact of a merger on technology, facilities, vehicles and equipment. We reviewed the status of statutorily required, as well as discretionary, boards, committees and commissions and how they would make the transition to a new government.

Beginning below is a summary of our observations and conclusions.

### Organizational Structure

The municipal government envisioned for a combined town mirrors the current organizational structure of each town. A board of selectmen, a full-time professional manager, a finance and advisory committee and various elected or appointed boards, committees and commissions are all incorporated into the new government. The few instances where we deviate reflect judgments that we believe reasonable, knowledgeable persons would also arrive at, and practices that are consistent with our experience providing financial management advice in towns throughout the Commonwealth.

For instance, we increase the number of selectmen from three in each individual town, to five in the larger, combined community. We elevate the town administrator to a town manager and bring on an assistant town manager, who would also fulfill a much-needed personnel administration function. For this reason, we would normally eliminate the personnel board in Hamilton, but have deferred this decision to the towns. We envision an appropriately empowered town manager who would direct all municipal departments and oversee day-to-day operations. All department heads, including police and fire chiefs, would report to the town manager, and he or she would be accountable to the board of selectmen.

We carry over a finance department and director, who we expect would simultaneously serve as the accountant or as the treasurer/collector. We consolidate all public works, highway, water, parks and cemetery functions into a single department. We do the same with all inspectional services.

In a more dramatic change, with the merger of the two towns, the Hamilton-Wenham regional school district ceases to exist as would the regional school committee. A successor school committee would be elected at-large from a new single (combined) town district and the school administration would function as another town department. Its annual appropriation request would enter a town budget process and would be subject to the review of the town manager, board of selectmen, finance committee and to the approval of town meeting.

Except as noted, our adjustments are not intended to impact the fundamental hierarchy, reporting relationships or accountability that presently exists in each town's government. We would expect a reconciliation process where the towns' structure or operations currently differ. Toward that end, managers and staff would meet well in advance of an actual merger date to define roles, establishment relationships and ensure agreement on essential internal procedures.



## Staffing Levels

Current paid positions total 58.2 in Hamilton and 48.6 in Wenham. The combined total of 106.8 positions declines to 92.0 in a merged town. The elimination of 14.8 positions is realized through the elimination of department managers where the same department in each town is reduced to one and when there is a duplication of responsibilities among staff. In the town administration office and in the department of public works, assistant positions are added so that persons who are capable of performing a needed function or offer a valued skill set can be retained.

Both towns currently operate with a finance director and the position is included in a merged government. However, we chose not to assign the role to the accountant as in Hamilton, or to the treasurer/collector as in Wenham. Instead, we placed a monetary value on the title which would supplement the salary of the person appointed. We also shifted money from the information technology expense line to create a full-time, on-site IT director for the merged town. Currently, both towns contract with the same consultant who lives in Arizona.

There are instances where we re-allocate staff or elevate positions from part-time to full-time status to meet anticipated workload changes in the larger town. Our intent was to account for all critical municipal government functions and to remain consistent to each town's past practice relative to personnel. A part-time employee was shifted to full-time in the accountant's office where the workload is likely to increase with the transition from a regional to town school system. Other examples include re-assigning the permitting officer from the town hall budget to the inspectional services budget. Also, to create consistent reporting relationships, funding for a 12-hour clerk and a 2-hour clerk from the Hamilton selectmen's budget and the administrative assistant position in the Wenham town hall budget were moved to the administration budget under the control of the new town manager.

As a result, the town hall/public buildings department is reduced by 2.75 positions, but its personnel deal only with building maintenance and repair. The finance department is reduced by 3.89 positions and an IT director is added. No department in a merged community has more staff than the combined total of the two individual towns.

The combined staffing complement in the regional police station declines from 26.5 positions to 22.0 in a merged department. Included is one chief, one deputy chief, four sergeants, 15 patrol officers and an administrative assistant. In the fire department, a part-time administrative position is added within the total budget and although dollar savings are not realized, service levels may be enhanced. The basis and reasoning for the decisions relative to the fire and police departments are discussed in detail in the Enhanced Regionalization Section of this report.

In a merged town, we would envision a consolidated department of public works. Because of anticipated workload demands, combining the public works, highway, parks and cemetery operations produces only a minor (-0.11) reduction in personnel. Each town's water operation could be included, but we have not done so. As a stand alone department, it has 2.06 fewer

positions. In a consolidated inspectional services department, no personnel reductions would occur. A building, electrical, plumbing and gas inspector would remain part-time with the expectation of higher hours to match an increased volume of work. Part-time assistants are funded.

| <b>Positions</b>            | <b>Hamilton</b> | <b>Wenham</b> | <b>As Merged</b> | <b>Net change*</b> |
|-----------------------------|-----------------|---------------|------------------|--------------------|
| Administration              | 2.37            | 1.00          | 3.37             | 0.00               |
| Public Buildings            | 0.75            | 2.38          | 0.38             | -2.75              |
| Legal Counsel               |                 |               |                  |                    |
| Town Clerk                  | 1.80            | 1.00          | 2.00             | -0.80              |
| Elections & Registration    |                 |               |                  |                    |
| Veterans                    |                 |               |                  |                    |
| Town Clock                  |                 |               |                  |                    |
| Finance Director            | 1.00            | 1.00          | 1.00             | 0.00               |
| Finance Departments         | 5.60            | 3.55          | 6.27             | -3.89              |
| Information Technology      |                 |               | 1.00             | 1.00               |
| Police                      | 15.60           | 10.89         | 22.00            | -4.49              |
| Public Safety Building      | 0.40            |               | 0.40             | 0.00               |
| Fire                        | 4.00            | 1.86          | 6.50             | 0.64               |
| Planning                    | 0.69            | 0.00          | 0.69             | 0.00               |
| Conservation                | 0.50            | 0.50          | 0.50             | -0.50              |
| Iron Rail                   | 0.00            | 0.06          | 0.06             | 0.00               |
| Inspectional Services       | 1.00            | 0.00          | 1.00             | 0.00               |
| Board of Health             | 1.32            | 0.00          | 1.32             | 0.00               |
| Animal Control              |                 |               |                  |                    |
| DPW                         | 8.92            | 8.58          | 17.40            | -0.11              |
| Parks (included in DPW)     | 1.08            | 0.00          | 0.00             | -1.08              |
| Cemetery (included in DPW)  | 0.75            | 0.00          | 0.00             | -0.75              |
| Water                       | 4.25            | 2.42          | 4.60             | -2.06              |
| Emergency Center Operations | 6.40            | 0.00          | 6.40             | 0.00               |
| Council on Aging            | 0.00            | 0.45          | 0.45             | 0.00               |
| COA Van                     | 0.00            | 1.80          | 1.80             | 0.00               |
| Library                     | 0.00            | 13.08         | 13.08            | 0.00               |
| Recreation                  | 1.78            | 0.00          | 1.78             | 0.00               |
| <b>Totals</b>               | <b>58.22</b>    | <b>48.56</b>  | <b>92.00</b>     | <b>-14.78</b>      |

\* Net change: Staff in the merged town minus staff levels in Hamilton and Wenham combined.

We also measured our staffing decisions against selected personnel data gathered from a survey of comparable towns. Those towns are listed in the next chart and in Appendix E with additional information.

These towns were selected as comparables because parallels in personal income per capita, equalized valuation per capita, and annual operating budget, with a merged Hamilton and Wenham suggest consistent service expectation levels among residents. Together with population and the number of land parcels, these characteristics provide insight into the volume of work created for administration and finance-related offices. The demands on the department of public works are also a function of population and parcels, but they are influenced as well by land area and road

mileage. Other characteristics generally in common include budget per capita, average single family tax bill and bond rating.

| <b>Municipality</b>    | <b>Est. 2007<br/>population</b> | <b>EQV<br/>per<br/>capita</b> | <b>Land<br/>SQ<br/>Miles</b> | <b>Road<br/>Miles</b> | <b>Budget<br/>per<br/>capita</b> | <b>Avg. SF<br/>Tax Bill</b> |
|------------------------|---------------------------------|-------------------------------|------------------------------|-----------------------|----------------------------------|-----------------------------|
| Hamilton* (RSD)        | 8,188                           | 200,347                       | 14.6                         | 51.81                 | 3,603                            | 7,856                       |
| Wenham* (RSD)          | 4,615                           | 196,689                       | 7.7                          | 32.08                 | 3,917                            | 8,892                       |
| <b>Hamilton-Wenham</b> | <b>12,803</b>                   | <b>198,518</b>                | <b>22.3</b>                  | <b>83.89</b>          | <b>3,716</b>                     | <b>8,374</b>                |
| Ashland                | 15,796                          | 167,884                       | 12.9                         | 79.11                 | 3,551                            | 5,493                       |
| Groton* (RSD)          | 10,641                          | 169,503                       | 32.8                         | 110.93                | 3,855                            | 6,191                       |
| Hanover                | 13,966                          | 203,220                       | 15.6                         | 85.00                 | 3,623                            | 5,267                       |
| Holliston              | 13,941                          | 160,962                       | 19.0                         | 91.70                 | 3,706                            | 6,157                       |
| Hopkinton              | 14,307                          | 230,033                       | 28.2                         | 124.53                | 4,417                            | 7,508                       |
| Ipswich                | 13,245                          | 218,823                       | 32.6                         | 95.99                 | 3,268                            | 5,071                       |
| Littleton              | 8,714                           | 182,622                       | 16.6                         | 84.71                 | 3,959                            | 5,321                       |
| Lynnfield              | 11,382                          | 234,164                       | 10.1                         | 74.52                 | 3,792                            | 6,411                       |
| Medfield               | 12,266                          | 207,826                       | 14.5                         | 76.70                 | 4,320                            | 8,057                       |
| North Reading          | 14,021                          | 202,430                       | 13.3                         | 86.96                 | 3,859                            | 5,903                       |
| Northborough* (RSD)    | 14,611                          | 181,325                       | 18.5                         | 92.76                 | 3,460                            | 5,774                       |
| Swampscott             | 13,994                          | 197,675                       | 3.1                          | 46.36                 | 3,852                            | 7,534                       |
| <b>Average</b>         | <b>13,074</b>                   | <b>196,372</b>                | <b>18.1</b>                  | <b>87.44</b>          | <b>3,805</b>                     | <b>6,224</b>                |

\* Budgets include school costs and state aid paid directly to RSD

Staffing levels in the comparable towns provide support to the assigned personnel in our merged town of Hamilton and Wenham. Administration, selectmen and personnel are combined in one office, as are the treasurer and collector. Separately viewed are IT, accountant, assessors and town clerk functions. In each instance, the designated number of staff in the merged-town offices falls within the range indicated by the comparable towns. At 17.2 employees, the Hamilton and Wenham DPW staffing is in the mid-range.

### Salaries and Wages

Arriving at compensation levels for employees of a combined town required analysis of the FY2009 budgets, collective bargaining agreements, personal service contracts and personnel policies. Each person's present salary and place in classification tables were reviewed. Part-time hours were noted, and adjustments were made for the variance between towns in full-time hours.

Because the towns' salaries are voted or negotiated according to different schedules for comparable positions, arriving at a pay scale in one merged community involved migrating to the higher salaries and similar benefit packages. The result was additional costs. While both communities have 40 hour work weeks for public safety and public works departments, other offices vary and we uniformly adjusted these to a 37.5 hour work week. For example, in Hamilton a full-time week for town hall is 37.5 hours, while in Wenham it is 32.5 hours. In a merged community, we assign 37.5 hours to a full work week. Longevity pay was also carried forward.

The total dollars attributable to salaries in the new merged town is \$915,146 less than the salaries of the two individual towns added together. This is due to the elimination of 14.8 positions, but also reflects total reductions of \$1,001,011 offset by \$85,865 in salary increases.

Compensation for the town manager and assistant town manager reflects what is considered appropriate for a town with the anticipated population, budget and added complexity of issues in a combined Hamilton and Wenham. As is now the case in both towns, we conclude that a finance director will continue to serve in a dual role as either the accountant or treasurer/collector. We attach a \$25,000 salary premium to the finance director title. A salary for a new in-house technology director was set at \$65,000 which is substantially funded from expense money paid by each town to a technology consultant, who lives in Arizona and currently provides support under separate contracts.

| <b>Salary Summary</b>          | <b>Hamilton</b> | <b>Wenham</b> | <b>As Merged</b> | <b>Difference*</b>   |
|--------------------------------|-----------------|---------------|------------------|----------------------|
| Selectmen                      | 8,929           | 10,812        | 17,358           | -2,383               |
| Town Administrator             | 144,564         | 93,456        | 254,698          | 16,678               |
| Public Buildings & Maintenance | 30,574          | 98,035        | 14,980           | -113,629             |
| Town Clerk                     | 93,700          | 46,066        | 101,856          | -37,910              |
| Elections & Registration       | 2,262           | 2,950         | 5,212            | 0                    |
| Finance Department             | 392,552         | 235,786       | 442,755          | -185,583             |
| Computer                       |                 |               | 65,000           | 65,000               |
| Police                         | 1,329,474       | 958,647       | 1,804,482        | -483,639             |
| Public Safety Building         | 14,390          |               | 14,390           |                      |
| Animal Control                 | 8,400           | 12,981        | 15,000           | -6,381               |
| Fire                           | 459,063         | 327,988       | 787,051          | 0                    |
| Planning Board                 | 35,218          | 1,545         | 35,218           | -1,545               |
| Conservation Commission        | 25,620          | 21,965        | 25,619           | -21,966              |
| Iron Rail                      |                 | 1,882         | 1,882            | 0                    |
| Inspectional Services          | 100,161         | 36,468        | 140,817          | 4,188                |
| Board of Appeals               | 1,649           | 515           | 2,164            | 0                    |
| Board of Health                | 82,808          | 18,650        | 101,337          | -121                 |
| DPW-Parks-Cemetery             | 570,334         | 471,166       | 992,467          | -49,033              |
| Water Enterprise               | 230,155         | 142,066       | 274,101          | -98,120              |
| Snow Removal                   | 46,600          | 36,050        | 82,650           | 0                    |
| Emergency Report Center        | 301,773         |               | 301,773          | 0                    |
| Council on Aging               |                 | 9,067         | 9,067            | 0                    |
| Elder Van Program              |                 | 46,392        | 46,392           | 0                    |
| Library                        |                 | 458,384       | 458,384          | 0                    |
| Recreation                     | 82,311          |               | 82,311           | 0                    |
| <b>Total savings</b>           |                 |               |                  | <b>-1,001,011</b>    |
| <b>Total additional costs</b>  |                 |               |                  | <b><u>85,865</u></b> |
| <b>Net savings</b>             |                 |               |                  | <b>-915,146</b>      |

\* The difference is the As Merged amount less the sum of the Hamilton and Wenham amounts.

As a rule, where two individuals perform the same or similar function in their respective towns, the higher salary or wage rate was carried to the new town. Where one town funds a position, and the other does not, we retain the position and fund it. Where one town funds a stipend, and the other does not, we retain the stipend. In this regard, compensation for appointed

or elected boards, committees or commissioners was continued. Since both towns grant a stipend to selectmen, we budget the higher amount. Summer intern money and small amounts for “meeting minutes” clerks remain as well.

### Departmental Expenses

For many departments in the combined town, expenses are carried over from the individual town budgets and added together. This approach reflects the likelihood that certain departments in a larger town will experience a workload increase and will require greater resources compared to a smaller town department.

In two instances, we exclude expenditures that appear non-recurring in the Wenham FY2009 budget. In the water enterprise fund budget, \$29,986 to cover accrued leave buyback costs was not brought forward nor was \$9,291 in the recreation budget. Similarly, we move capital exclusions out of the operating budget, but still account for them - below the line - among total town expenditures.

Consideration was given to costs in other general expense categories. For instance, if combined, the finance and advisory committee reserve would be \$270,000. While we understand that an inverse relationship exists between reserves and overall departmental appropriations (i.e., higher reserves are justified when departmental budgets are lean), based on our experience with other towns, we concluded that a \$175,000 reserve would be a reasonable starting point for a community without its own history. Of the \$151,640 budgeted by the two towns for information technology, \$65,000 was re-allocated to pay the salary of a full-time IT director and the balance was budgeted for IT expenses.

There were no instances where we felt comfortable adjusting expenses downward below the sum of the two town’s appropriations to account for savings attributable to economies of scale. Those opportunities may exist, but no large dollar savings were immediately apparent. Cost reductions are associated with the closure of the Hamilton town hall. But, \$10,000 was returned for minimal heat, insurance, security and maintenance of the Hamilton town hall. Assuming re-use of the buildings, FY2009 operating costs for the Wenham police station (\$30,500) and fire station (\$30,705) were moved from the police and fire department budgets to Public Buildings.

To reach total town expenditures, we added other amounts to be raised that appear on the Tax Recap Sheet. We also grouped expenditures incurred by the non-host town for joint operations into this category.

In total, operating expenses declined by \$385,477. However, this amount was more than offset by the anticipated \$548,185 increase associated with a shift from a regional school district to a town district and the loss of regional transportation aid. As a result, assuming the community would choose to replace the lost transportation aid, overall expenses increase \$162,708 in the merged town over the combined FY2009 expense budgets of the towns.

The chart below shows where expense budgets were adjusted. A more detailed accounting of expenses in the Hamilton, Wenham and in merged departments is included in Appendix C.

Note that with the loss of revenue, the regional school budget would not decline, but the replenishment of \$548,185 would have the characteristic of an expense increase.

| <b>Departmental Expenses</b>   | <b>Hamilton</b> | <b>Wenham</b> | <b>As Merged</b> | <b>Difference*</b> |
|--------------------------------|-----------------|---------------|------------------|--------------------|
| Public Buildings & Maintenance | 79,000          | 92,800        | 164,005          | -7,795             |
| Finance & Advisory Board       | 120,250         | 150,250       | 175,250          | -95,250            |
| Information Technology         | 76,300          | 75,340        | 86,640           | -65,000            |
| Police                         | 68,167          | 137,286       | 174,953          | -30,500            |
| Fire                           | 50,000          | 134,828       | 154,123          | -30,705            |
| Essex County Retirement        | 505,612         | 341,586       | 778,171          | -69,027            |
| Group Health/Life Insurance    | 697,229         | 613,818       | 1,238,865        | -72,182            |
| FICA/Medicare/Unemployment     | 44,100          | 35,761        | 69,409           | -10,452            |
| General Insurance              | 162,325         | 128,169       | 285,927          | -4,567             |
| Hamilton-Wenham RSD            | 15,860,621      | 7,402,243     | 23,811,049       | <b>548,185</b>     |
| <b>Total savings</b>           |                 |               |                  | <b>-385,477</b>    |
| <b>Total additional costs</b>  |                 |               |                  | <b>548,185</b>     |
| <b>Net costs</b>               |                 |               |                  | <b>162,708</b>     |

\* The Difference is the As Merged amount less the sum of the Hamilton and Wenham amounts.

### Retirement, Medicare and Other Employee Benefits

Using available information from the individual towns, we developed average per employee costs to project expenses for benefits under the fully regionalized community scenario. For retirement, Medicare and other benefit programs, we combined Hamilton and Wenham FY2009 budget amounts by purpose and divided the total by the number of employees eligible for each program. These average costs were then assigned to all qualifying positions in the combined community. When totaled by program, each projected cost was compared to the combined FY2009 budgeted amounts. Please note that these projections are based on the budgeted positions in FY2009. Changes in employment and retirements that have occurred during the year are not reflected.

*Retirement* – The amount a community pays annually in retirement costs follows a funding schedule based on an actuarial analysis of a retirement system completed every three years. Because there is no funding schedule for a merged Hamilton and Wenham, we have determined a method of estimating retirement costs. According to the Essex Regional Retirement System, an employee becomes eligible for membership by either being hired full-time or working greater than 20 hours per week, so elected officials' stipends, temporary or seasonal workers, police reserves or call firefighters do not factor into retirement calculations. Having identified the qualifying positions, the total earnings (including wages, longevity, clothing, and other compensation) were determined to be about \$5.45 million. The towns combined FY2009 assessments (\$847,198) as a percentage of the qualifying compensation was calculated to be about 15.5 percent. This percentage was then applied to the proposed compensation figures in the combined community, resulting in an estimated retirement cost of \$778,171 with a savings of \$69,027.

These figures do not include the Hamilton-Wenham Regional School District's (HWRSD) retirement assessment of \$508,708. Because there are no proposed changes in the employees or their compensation, the assessment, for our analysis, would remain the same and is already included in the regional budget so there is no impact.

*Medicare* – Typically, Medicare is charged based on wage-related amounts for those individuals hired after April 1986 at a rate of 1.45 percent. In the absence of hiring dates, we determined current budgeted Medicare amounts (\$79,861) as a percentage of the total reported compensation (almost \$7 million), or 1.14 percent. This factor was applied to the proposed compensation figures in the combine community, resulting in an estimated cost of \$69,409, a savings of \$10,452.

Again, because there are no proposed changes in compensation at HWRSD, we do not project any impact in the Medicare cost. The district's funding of \$240,301 for Medicare is found in its FY2009 budget and has no impact on this analysis.

*Health and Life Insurance* – Hamilton and Wenham provide active employees and retirees health care coverage through the *HMO Blue* plan and supplemental insurance through the *Medex* plan. In addition, Hamilton also offers *Blue Care Elect* (enhanced service levels like an indemnity plan) and Wenham offers an additional supplemental coverage through *Managed Blue for Seniors*. Active employees in the health maintenance organization (HMO) plan are charged 25 percent of the annual cost with the towns picking up the remaining 75 percent. For retirees' basic health coverage, however, Wenham charges subscribers 25 percent (grandfathered at the previous 20 percent until FY2010 when the community joins the state Group Insurance Commission) for the *HMO Blue* and *Managed Blue for Seniors* and 40 percent for *Medex* plans. Hamilton uniformly charges retirees 45 percent of the total cost for basic and supplemental insurance as well as 45 percent to active employees that use non-HMO plans. Adding to the different rates of contribution, the cost of the plans by community are different based on the rating of the health pool participants. For example in FY2009, Hamilton's *HMO Blue* family plan annual cost is \$15,903 while Wenham's is \$19,064.

HWRSD, on the other hand, offers health coverage through Harvard Pilgrim Health. According to the district information provided, it covers 60 percent of the total cost of the point of service (POS) and Medicare supplemental plans and contributes equal POS dollar amounts towards the preferred provider organization (PPO) or enhanced service HMO health plans if chosen by an enrollee.

For the purposes of our analysis, we assumed the towns would continue using the current Blue Cross health plans. While the percentage share born by the employer and employees would be subject to bargaining, we have assumed that the combined community would be responsible for 75 percent of HMO plans and 60 percent of the non-HMO plans to bring the two communities into parity. Because we do not know which active employees are participants of the various plans, we have calculated an average dollar cost per eligible position (20 hours per week) of \$9,408. For town retirees, we have calculated a weighted average cost by health plan

and multiplied it by the number of plan participants provided by the communities. Combining the health and life insurance projections for active employees and retirees yields an estimated figure of about \$1.24 million, or \$72,182 less than the current combined appropriations for health and life insurance.

As for the HWRSD health insurance participants, we first analyzed how these employees would likely migrate to the towns' plans. We assumed the same employee contribution methodology as is currently employed in the school district and concluded that the regional budget contained sufficient funding to maintain existing health contribution in the schools, though they differ from the town percentages.

It should be noted that Wenham has already bargained with employees to join the state Group Insurance Commission (GIC) in FY2010. If the three entities combined and joined GIC, there could be significant savings for the new community. GIC offers excellent health care coverage with a variety of cost and coverage options for enrollees. The community and enrollees also would benefit from being in an extremely large risk pool with the GIC possessing significant buying power in the health care market, resulting in lower costs.

*Workers' Compensation* – Workers' compensation rules require that employers insure employees. This does not include individuals that are elected, seasonal or temporary. Based on the combined premium costs (\$112,812) and qualifying compensation, we calculated that the estimated cost of insuring the combined towns would be \$96,607, a savings of \$16,205. Again these figures do not reflect the regional school district's budgeted cost of \$88,400, which would not change.

### Technology - Software Applications

As seen in the next chart, there are both consistencies and variations in the software utilized by each town. Whether software is the same, deviates only in version or is altogether different, consolidating the records of two towns will involve labor-intensive data conversions and a transition period. In some instances, vendors may only need to expand the parameters of their product to accommodate the new town. A higher volume of reported activity would result. Most important is the choice of a financial system and an appraisal software application. Making this transition will be complicated, time consuming and costly. Following a decision by the towns to pursue a merger, further agreements on the details of a merger will be necessary. Once software selections are made, bringing the records of the two towns together could require a full year.

In the case of both financial management and appraisal software, the towns would continue to function independently on their respective systems while data from both towns are extracted, converted and uploaded to a second version of the selected software package. The process should be timed so that implementation of the consolidated system can occur on July 1 to coincide with the start of a new fiscal year. At that time, one software package would be abandoned.



In the MUNIS (Hamilton) and in the VADAR (Wenham) financial software, revenue, expenditure and fund account codes conform to UMAS guidelines (Uniform Massachusetts Accounting System). However, the two systems speak in unique, proprietary languages. To translate data from one language to another may require development of a “bridge” program. Then extracting, converting, uploading and testing data will take time and expertise.

In the assessing departments, both towns use Vision software and are on the same triennial schedule for BLA certification of values. That helps, but other issues arise. To arrive at fair and equitable assessed values for properties, each assessing office has defined neighborhoods, generated land schedules and developed valuation tables specific to the characteristics of their town. In a combined community, the system of data, schedules and tables must be reconfigured to produce a uniform, consistent means to arrive at fair property values. Data quality studies will be necessary. Map and lot numbers will also need to be modified. For simplification, we suggest that map numbers in one town begin where they end in the other. Although, lot numbers can then remain unchanged, modifications will be necessary in the records of every department using assessors’ map and lot designations.

In virtually every instance of a conversion, we would expect the need for a project manager. A knowledgeable, experienced person should be brought in early for planning phases. Then, before the combined system goes on-line, end users will need training. These costs are not budgeted in the annual appropriation, but are included among transition costs.

|                                | <b>Hamilton</b>          | <b>Wenham</b>               |
|--------------------------------|--------------------------|-----------------------------|
| Computer Operating Systems:    | Microsoft Windows        | Microsoft Windows           |
| Financial System Software:     | MUNIS                    | VADAR                       |
| Lockbox Service:               | Century Bank             | Century Bank                |
| On Line Bill Payment:          | UniPay                   | UniPay                      |
| Payroll Service:               | Harpers                  | Harpers                     |
| Assessors: Appraisal Software: | Vision                   | Vision                      |
| GIS:                           |                          | Weston & Sampson            |
| Permitting Software:           | none                     | GeoTMS                      |
| Clerk: Dog License:            | NEMRC                    | DOS-based package from 1993 |
| Clerk: Voter Registration:     | State Elections Division | State Elections Division    |
| Police Details:                | IMS*                     |                             |
| Outside Auditor:               | Sullivan & Rogers        | Powers & Sullivan           |

\* Plans to convert to MUNIS

## Facilities

As noted earlier in this report, many of the existing improved properties, owned by each town, appear to serve specific purposes and meet needs that are not duplicative and are likely to continue. Still, an evaluation of the condition, function, maintenance and repair requirements and operating costs of these facilities should be part of the planning phase of the two-town merger. Incorporated into the analysis should be consideration whether incentives to retain

properties are present. The ability to provide a higher level of service is an example of such an incentive.

For the purposes of this analysis, it is clear that the Hamilton public safety building and the Wenham town hall are best suited to accommodate the demands of the merged community. They are recently constructed or renovated, of sufficient size and equipped with the technology necessary to serve the needs of a larger town. We realize that the Wenham police station is a new facility, but it lacks the volume of space needed to accommodate a combined town department. We believe the prospects are good that the town will find an alternate public use of each of these buildings and have therefore continued a maintenance and repair appropriation in the public buildings budget.

| <b>Hamilton</b>                |              |           |                | <b>Wenham</b>   |                                     |           |                |
|--------------------------------|--------------|-----------|----------------|-----------------|-------------------------------------|-----------|----------------|
| <b>Facility</b>                | <b>Built</b> | <b>SF</b> | <b>Land AC</b> | <b>Facility</b> | <b>Year Built/<br/>Effective Yr</b> | <b>SF</b> | <b>Land AC</b> |
| Town Hall<br>includes DPW bldg | 1897         | 12,415    | 3.14           | Town Hall       | 1855 / 2007                         | 7,500     | 1.50           |
| DPW                            |              |           |                | Town Garage     | 1980 / 1989                         | 5,600     | 79.56          |
|                                |              |           |                | Salt Shed       | 1995 / 1995                         | 2,600     | 79.56          |
| Public Safety Bldg             | 2007         | 31,165    | 3.55           | Police Station  | 2007                                |           |                |
|                                |              |           |                | Fire Station    | 1963 / 1977                         | 8,004     | 0.83           |
| Water Plant                    | 2000         | 4,426     | 61.90          |                 |                                     |           |                |
| Well / Pump House              |              |           | 6.82           | Pump Station    | 1940 / 1965                         | 480       | 17.88          |
| Cemetery                       |              |           | 18.31          | Cemetery        | 1952 / 1970                         | 672       | 7.40           |
| Park / Pool                    |              |           | 16.10          | Pingree Park    | 1960 / 1960                         | 600       | 16.48          |
| Winthrop School                | 1959         | 41,814    | 14.80          |                 |                                     |           |                |
| Cutler School                  | 1952         | 41,320    | 11.50          | Center School   | 1953 / 1970                         | 75,464    | 7.14           |
| Library                        | 1950         | 7,092     | 0.86           |                 |                                     |           |                |
|                                |              |           |                | Senior Center   | 1880 / 1965                         | 3,784     | 0.22           |
|                                |              |           |                | Warehouse       | 1900 / 1965                         | 7,386     | 79.56          |
|                                |              |           |                | Iron Rail       | 1920 / 1965                         | 15,500    | 79.56          |
|                                |              |           |                | Barn            | 1920 / 1965                         | 874       | 79.56          |
| Regional High School           | 1962         | 212,956   | 44.9           |                 |                                     |           |                |
| Joint Library                  | 2000         | 39,503    | 4.40           |                 |                                     |           |                |

### Vehicles and Equipment

*Public Works* - A general list of public works vehicles and equipment, together with the number of pieces in each town is shown in the next chart.

Initial reasoning suggests that public works functions are directly related to the amount of land and roads in a community that require maintenance and repair, and to the number of residents who generate work orders. It would then seem a common occurrence that each public works department would build an inventory of vehicles and equipment over time that meets those local needs and fulfills resident demands. However, once a community owns a vehicle or piece of

equipment, they sit idle if departments are undermanned. Even if seldom used, they continue to draw on the operating budget for resources to maintain and preserve the assets.

In a merged town, justification exists for a larger public works program. Our budget and staffing analysis is consistent with this view. But, we have made no determination whether any portion of the combined public works inventory of vehicles or equipment should be classified as surplus. This evaluation should take place prior to, or even after, a formal merger of the towns occurs. We are also aware that public works managers from both towns have been asked to explore the potential for collaborations between the two departments and a tentative agreement involving facilities maintenance has resulted. We expect topics to include possible savings in the purchase of vehicles and equipment, and would defer to the conclusions they reach.

| <b>DPW Vehicle/Equipment</b> | <b>Hamilton</b> | <b>Wenham</b> | <b>Total</b> |
|------------------------------|-----------------|---------------|--------------|
| Square miles                 | 14.6            | 7.7           | 22.3         |
| Road miles                   | 51.56           | 31.04         | 82.60        |
| Population                   | 8,188           | 4,615         | 12,803       |
| Backhoe                      | 2               | 1             | 3            |
| Bobcat                       |                 | 1             | 1            |
| Compressor                   | 1               | 1             | 2            |
| Concrete Mixer               | 1               |               | 1            |
| Dump Truck                   | 8               | 1             | 9            |
| Dump Truck / Sander          |                 | 2             | 2            |
| Sander                       | 2               |               | 2            |
| Generator                    |                 | 1             | 1            |
| Leaf Vacuum                  | 1               | 1             | 2            |
| Line Painter                 | 1               |               | 1            |
| Loader                       | 1               | 1             | 2            |
| Mower                        | 1               |               | 1            |
| Pickup                       | 5               | 6             | 11           |
| Roller                       | 1               | 1             | 2            |
| Sidewalk Plow                | 1               |               | 1            |
| Tractor                      | 3               | 1             | 4            |
| Trailer                      | 3               | 3             | 6            |
| Utility Vehicle              | 1               |               | 1            |
| Wood Chipper                 | 1               | 1             | 2            |
| <b>Total</b>                 | <b>33</b>       | <b>21</b>     | <b>54</b>    |

*Fire Department* - A similar evaluation should be conducted relative to fire apparatus. Based on lists provided, fire departments in the two separate towns currently garage and maintain 15 vehicles and one trailer. (See the chart below). In Hamilton, manufacture dates for eight vehicles range from 1980 (aerial ladder) to 2008 (pick-up truck). Model years for Wenham's seven vehicles includes 1989 (pumper), then 1996 through 2007 for all other pieces. The model year for the trailer is 2008. Unknown to us are vehicle hours (engine running time) which is a more widely accepted measurement to gauge how deep fire vehicles and equipment are into their life cycle.

Unlike the DPW vehicle inventory, there appear clear opportunities to pare down the number of fire apparatus in a merged town. The immediate impact would be on maintenance and repair demands. This is also an instance where agreement should be reached internally on what vehicles should continue in service and which might be offered for sale.

| <b>Hamilton</b> |      |                                 | <b>Wenham</b> |      |                             |
|-----------------|------|---------------------------------|---------------|------|-----------------------------|
| 1               | 1996 | 1,250 gpm pumper w/ boat        | 403           | 1989 | 1,250 gpm pumper/500 gal    |
| 2               | 1985 | 1,000 gpm pumper                | 404           | 1999 | 1,250 gpm pumper/750 gal    |
| 3               | 2004 | 1,500 gpm pumper                | 405           | 2007 | Ladder 1 75ft./pumper/500 g |
| 4               | 1980 | 100 ft Aerial Ladder            | 406           | 2007 | Brush Truck Ford F-350      |
| 5               | 2006 | 4x4 Forestry Truck w/mobile air | 407           | 1999 | Ford Crown Victoria         |
| 6               | 1994 | Mobile Air Supply Van           | 410           | 1997 | Heavy Duty Compact Rescue   |
| 7               | 2008 | F-250 4x4 Pick-up               | 401           | 1996 | 3/4 ton, 4x4 Pick-up        |
| 8               | 1998 | Ford F150 Pick-up               |               | 2008 | Trailer unit/generator/air  |

Based on cursory research, the resale values of fire apparatus vary greatly. In the chart below are indications of the average resale value for vehicles similar to those in the Hamilton and Wenham inventory. Please note that the prices do not consider variables that may affect market value beyond make, model year and gallon pumping capacity.

| <b>Year</b> | <b>Make</b>       | <b>Model</b>       | <b>Average value</b> |
|-------------|-------------------|--------------------|----------------------|
| 1980        | American LaFrance | 100' aerial ladder | \$23,000             |
| 1985        | Int'l Ranger      | 1,000 gpm pumper   | \$18,000             |
| 1989        | Mack              | 1,250 gpm pumper   | \$39,000             |
| 1996        | Pierce Saber      | 1,250 gpm pumper   | \$69,000             |
| 1999        | KME               | 1,250 gpm pumper   | \$110,000            |
| 2004        | Pierce Saber      | 1,500 gpm pumper   | \$200,000            |
| 1994        | Ford E-350        | Air Supply/Rescue  | \$13,500             |
| 1995        | Ford F-250        | Pick-up            | \$1,500              |
| 1996        | GMC               | Pick-up            | \$2,500              |

*Police Department* - We have not completed an analysis relative to police vehicles. We would expect that patrol cars are replaced on a fairly rapid schedule and have little value at the end their useful life. With fewer patrol officers, there may be prospects for long-term savings, but the absence of a purchase today is not regarded as a savings.

In general, if surplus vehicles or equipment are identified in the public works, fire or police departments, and are deemed to have a value in excess of \$5,000, they could only be disposed of in accordance with M.G.L. c. 30B. If transactions result, the new town might consider placing the sale proceeds into a stabilization fund with the specific purpose of funding a vehicle maintenance and replacement program. There are provisions in state law (M.G.L. c. 41, §53E½), which encourage perpetuation of this special purpose stabilization fund through alternative funding methods. By using sale proceeds in the short run, and replenishing fund balances for long term use

through the means available, the town can earmark money and help lessen the burden on the operating budget.

### Boards, Committees and Commissions

Consolidating each town's boards, committees and commissions should be planned-out during the transition period. We have assumed that all will continue as is or be reconstituted with new membership. Those which have a FY2009 budget appropriation are listed below for each town with a projected amount for a merged town.

#### **Boards, Committees and Commissions with FY2009 Budget**

| <b>FY2009 Budget</b>     | <b>Hamilton</b> | <b>Wenham</b> | <b>As merged</b> |
|--------------------------|-----------------|---------------|------------------|
| Personnel Board          | 350             |               | 350              |
| Finance & Advisory Board | 120,250         | 150,250       | 175,250          |
| Historic Commission      |                 | 300           | 300              |
| Conservation Commission  | 27,020          | 25,724        | 30,778           |
| Board of Appeals         | 1,649           | 1,015         | 2,664            |
| Board of Health          | 97,190          | 24,450        | 121,520          |
| Council on Aging         | 10,380          | 16,367        | 30,747           |

Appropriations for the personnel board in Hamilton, the historic commission in Wenham and the board of appeals in both towns were merely carried forward. As noted earlier, the finance and advisory board reserve was reduced by \$95,000 from the combined total. Conservation commission, board of health and council on aging budgets include both salaries and expenses. Expenses are carried forward and salaries are reduced, due to duplication. Compensation otherwise reflects the higher salary level between the two towns for remaining positions.

### Miscellaneous Appropriations

Various appropriations specific to each town were carried forward into the merged town budget without change.

| <b>FY2009 Budget</b>      | <b>Hamilton</b> | <b>Wenham</b> | <b>As merged</b> |
|---------------------------|-----------------|---------------|------------------|
| Memorial Day Celebrations | 2,000           |               | 2,000            |
| Town Clock Winder         |                 | 1,158         | 1,158            |
| Band                      |                 | 500           | 500              |
| Chebecco Woods            | 1,600           |               | 1,600            |
| Iron Rail                 |                 | 53,439        | 53,439           |

## Conclusion

Based on this merger analysis, combining the operations of Hamilton and Wenham would produce salary savings estimated at \$915,146 which is attributable to the elimination of 14.8 staff positions.

Expenses for general government operations initially declined by \$385,477, but were offset by cost increases in the amount of \$548,185. As a result, general government expenses increase by \$162,708. The most dramatic adjustment was made to account for the conversion of the Hamilton-Wenham regional school district to a local district and the loss of state school transportation aid in the amount of \$548,186 (FY2009).

Therefore, based on our analysis, if Hamilton and Wenham were corporately merged and operating as a single government today, the projected town budget would be \$752,438 less than the FY2009 appropriations of the two towns combined.

Apart from the financial implications, a merger of two towns will involve labor intensive efforts by local leaders and resident volunteers to complete planning for a smooth transition. We anticipate a process that would span three years, require approvals by selectmen, town meetings, town voters and the State Legislature. We would anticipate expenditures in legal and consultant fees, for technology upgrades and for other transition needs.

Major among many transition hurdles will be the task of defining new relationships between former Hamilton and Wenham employees and the new town, particularly for unionized or organized employees. Under prevailing law, a shift from two towns to one will constitute a change in the terms and conditions of employment and will trigger mandatory bargaining.

## Tax Rate Impact

Generally, under Proposition 2½, the maximum amount of tax revenue a municipality can raise each year (the levy limit) is set by increasing the prior year levy limit by 2½ percent and adding tax revenue derived from new growth (i.e., new construction) and amounts associated with debt and capital exclusions. Towns are not required to tax property owners up to the maximum amount allowed, but it is encouraged and most do. In FY2009, Hamilton and Wenham taxed to 99.97 and 99.94 percent of their respective levy limit.

If a merged Hamilton and Wenham were to continue taxing at past levels, the extrapolated levy would be 99.96 percent of their combined levy limit resulting in a new single tax rate of \$14.66. This would be lower than the FY2009 Hamilton tax rate of \$15.23 and higher than the Wenham tax rate of \$13.71.

| <b>FY2009</b> | <b>Levy limit</b> | <b>Tax levy</b>   | <b>Tax as %<br/>of limit</b> | <b>Total property<br/>assessed value</b> | <b>Tax rate</b> |
|---------------|-------------------|-------------------|------------------------------|--|-----------------|
| Hamilton      | 21,895,714        | 21,889,262        | 99.97%                       | 1,437,246,401                            | 15.23           |
| <u>Wenham</u> | <u>11,712,231</u> | <u>11,705,149</u> | <u>99.94%</u>                | <u>853,767,317</u>                       | <u>13.71</u>    |
| Combined      | 33,607,945        | 33,594,411        | * 99.96%                     | 2,291,013,718                            | ** 14.66        |

\* The combined tax levy divided by the combined levy limit.

\*\* The combined tax levy divided by the combined total property assessed value, multiplied times 1,000.

If the towns fully merged, Hamilton residents would experience a 3.7 percent property tax decline and Wenham residents would pay a 7.0 percent tax increase. For the average single family home owner, the dollar difference would be a \$292 tax bill reduction in Hamilton and a \$618 increase in Wenham in FY2009. The impact on property owners would vary depending on the assessed value of the property.

| <b>FY2009 Current</b>    | <b>Hamilton</b> | <b>Wenham</b> |
|--------------------------|-----------------|---------------|
| Average value *          | 515,841         | 648,610       |
| Tax rate                 | 15.23           | 13.71         |
| Average tax bill         | 7,856           | 8,892         |
| <b><u>As Merged</u></b>  |                 |               |
| Average value            | 515,841         | 648,610       |
| Tax rate                 | 14.66           | 14.66         |
| Average tax bill         | 7,564           | 9,511         |
| <b><u>Difference</u></b> |                 |               |
| Tax rate                 | -0.57           | 0.95          |
| Average tax bill         | -292            | 618           |
| Percent change           | -3.7%           | 7.0%          |

\* Average single family assessed value.

If a merger goal is to avoid tax increases for all property owners, the dollar savings from the merger must be applied to lower the tax levy, and the amount must be large enough to produce a tax rate for the new town which is less than the lowest tax rate among participating towns. This can be accomplished through the approval of a Proposition 2½ Underride by the new joint town meeting and by town voters. Just as an Override increases the amount of property tax revenue a municipality can raise each year, an Underride decreases the amount. Otherwise, to avoid property tax increases for all residents, the towns must voluntarily create excess levy capacity by imposing taxes at less than the levy limit.

For Hamilton and Wenham, a merger must generate approximately \$2.2 million in savings, all of which must be removed from the levy limit through an Underride or it must be used to reduce the tax levy to 93.46 percent of the levy limit. With \$2.2 million less to raise in property taxes, the resulting tax rate would then be \$13.71 which would equal the Wenham FY2009 tax rate. Under this scenario, Hamilton residents would realize a 10 percent decline in real estate taxes, and the Wenham property owners would be held harmless. With budget

reductions beyond \$2.2 million and taxation at less than 93.46 percent of the levy limit, the tax rate would decline further and Wenham residents would also begin to see property tax declines.

| <b>FY2009</b>      | <b>Levy limit</b> | <b>Total property assessed value</b> | <b>Taxation as % of limit</b> | <b>Tax levy</b>   | <b>Current tax rate</b> |
|--------------------|-------------------|--------------------------------------|-------------------------------|-------------------|-------------------------|
| Hamilton           | 21,895,714        | 1,437,246,401                        | 99.97%                        | 21,889,262        | 15.23                   |
| <u>Wenham</u>      | <u>11,712,231</u> | <u>853,767,317</u>                   | 99.94%                        | <u>11,705,149</u> | 13.71                   |
| Total              | 33,607,945        | 2,291,013,718                        |                               | 33,594,411        |                         |
| <b>As Merged</b>   | <b>Levy limit</b> | <b>Assessed value</b>                |                               | <b>Tax levy</b>   | <b>New tax rate</b>     |
| Total              | 33,607,945        | 2,291,013,718                        | * 93.46%                      | 31,409,985        | ** 13.71                |
| Tax levy reduction |                   |                                      |                               | -2,184,426        |                         |

\* The tax levy divided by the levy limit.

\*\* The tax levy divided by the total property assessed value, multiplied times 1,000.

The chart below shows the resulting impact on the Hamilton and Wenham tax rates and on the towns' respective average single family tax bills, if a merger were to produce \$2.2 million in overall savings.

|                          | <b>Hamilton</b> | <b>Wenham</b> |
|--------------------------|-----------------|---------------|
| Average value*           | 515,841         | 648,610       |
| FY2009 tax rate          | 15.23           | 13.71         |
| Average tax bill **      | 7,856           | 8,892         |
| <b><u>As Merged</u></b>  |                 |               |
| Average value*           | 515,841         | 648,610       |
| Tax rate                 | 13.71           | 13.71         |
| Average tax bill **      | 7,072           | 8,892         |
| <b><u>Difference</u></b> |                 |               |
| Tax rate                 | -1.52           | 0.00          |
| Average tax bill         | -784            | 0             |
| Percent change           | -10.0%          | 0.0%          |

\* Average single family assessed value.

\*\* Average single family tax bill.



## Enhanced Regionalization Analysis

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Under the full merger scenario, the newly created town would have no option but to spread the cost of government equitably among all residents based on the value of the property they own. As a result, all taxpayers may not benefit from savings in the cost of local government derived from a full merger. In fact, unless the towns have the same tax rate entering a merger, or realize substantial overall savings to lower the combined tax levy, the residents of one will pay more in taxes, and the residents of the other will pay less.

Towns that remain legally separate and independent are not restricted in the same way when they seek to consolidate selected services, positions, departments or functions. Cost savings can be shared in accordance with any formula they mutually determine to be equitable.

Inter-municipal agreements remain the most flexible means for consolidating services and sharing costs. Mindful of all the factors that make Hamilton and Wenham natural partners, we explore in this report section opportunities for enhanced regionalization efforts between the two towns. Finally, we would also note that consideration of any agreements need not be restricted to the two towns, but can be expanded to include any number of neighboring communities, if interest exists.

Seeking mutual benefits, the Towns of Hamilton and Wenham have a strong history of agreements to share costs and otherwise consolidate services.

- 1959     Joined in the formation of Hamilton-Wenham Regional School District.
- 1960     Entered an initial agreement allowing Hamilton use of the Wenham proposed fire and police communication center.
- 1972     Joined 14 other communities to form the North Shore Vocational Regional School District.
- 1995     Entered agreement for a joint recreation program.
- 1998     Entered agreement to jointly build and operate a library.
- 2004     Wenham entered a mutual aid agreement with the City of Beverly to provide voluntary police aid and equipment, and to assist each other in planning, training, preventing and responding to an emergency event or other situation.
- 2004     Agreed to share the cost of Council on Aging van.
- 2005     Agreed to share the cost of CATV Studio
- 2009     Agreed in principle to create and jointly fund a facilities director position.

Most were accomplished through inter-municipal agreements where one town serves as the host community and appropriates full operating costs in its annual budget. It then receives a reimbursement for a portion of its expenditures, including benefits, from the non-host town based on an agreed upon cost allocation formula. Included is an administrative fee calculated at 10 percent of the town's cost contribution. The reimbursement is recorded as a local receipt by the host community. The allocation ratio is derived from a three-year rolling average of total assessed value of the two towns. In general, the ratio has hovered around 64 percent for Hamilton and 36 percent for Wenham. As far as we can tell, only the senior van service is funded differently - based on relative ridership.

We are aware that the Hamilton and Wenham public works managers have begun to explore whether efficiencies might result from consolidating their department functions, equipment or services. From that effort, preliminary agreement has been reached on sharing a facilities director. Of particular interest, selectmen and town administrators have been meeting to discuss issues associated with the possible merger of the Hamilton and Wenham police departments.

Given their major role in local government and the greater prospects they present for a successful consolidation, we discuss police, fire and emergency services below. The consolidation potential of all other departments follows.

## **Police Services**

As part of this analysis, we discuss the current status of each town's police department and the operating environment within which each provides services. We describe the budgeted and existing staffing levels, the relative departmental workloads, and the demographic and economic characteristics of the towns' populations. We then explore whether there are additional opportunities for the towns to share police services beyond the current joint dispatch center and records management system. Prospects include the possibility of the two towns sharing a police chief and whether cross-swearing of the officers holds any potential for further efficiencies.

We then turn to several important questions that must be addressed in a successful effort to fully regionalize the departments. A past track record on regional collaboration, vacancies in key leadership roles and the comparability of current union labor contracts are among the issues that warrant study. Analysis of current workloads, the existence of topographical or other barriers affecting response time and whether existing facilities are suitable for a regional department all will need to be reviewed at the onset.

The remaining sections cover how to determine the necessary staffing for a regional department and how to allocate patrol and supervisory staff among the three shifts of the day. After these calculations are complete, we include an allocation of facility costs and a summary analysis of potential savings with a regional department. Finally, we provide a discussion and valuation of the available legal means to regionalize police services: the regional police statute (M.G.L. c. 41, §§99B-99K) and the inter-municipal agreement (M.G.L. c. 40, §4A).

## Hamilton Police Department

In FY2009, the Town of Hamilton has approved a budget that provides for a police department with 15 uniformed officers. Included in the department's spending plan are a chief, one lieutenant, three sergeants and ten patrol officers, two of whom are detectives. An eleven member reserve force supplements the department's full-time staffing on an as needed basis.

Except for the chief, all full-time, uniformed officers belong to the Hamilton Police Benevolent Association bargaining unit. None of the positions, including the chief's, are subject to the provisions of civil service. The department operates under M.G.L. c. 41, §97A, the local option statute that establishes a "strong chief" to supervise the department and determine its operating procedures, subject to the approval of the selectmen.

In general, the department is staffed by a veteran group that averages about 19 years of service with the town. As a result of their seniority, the staff earns generous annual vacation allowances that average close to 30 days per year per staff member. Two members of the department recently retired or resigned and two more are anticipating retirement over the next several months.

The department has experienced much turmoil over the past year or so which has damaged its credibility among residents and taken a toll on departmental staff. It is not our intention to render any judgments on these allegations in this report, but we believe that the current state of the department is relevant to providing the proper context to the discussion that follows.

As a result of the allegations of misconduct, the previous chief was placed on paid administrative leave and then decided to retire. The position is now filled by a consultant who is serving as interim chief and assisting in the search for a new chief. A sergeant was also placed on paid administrative leave and has since decided to resign. In addition, the department is several officers below the normal complement due to medical issues and injuries incurred in the line of duty. A sergeant and the lieutenant are out with medical issues and injuries and the sergeant plans to retire in the near term. Another patrol officer is also out with injuries incurred in the line of duty. Taken together, the current vacancies and upcoming personnel changes in the department indicate an opportunity to reconstitute the department and its leadership structure.

The department provides police services to a relatively affluent, suburban population. Town residents earn, on average, substantially more than the state average. With an average per capita income of \$33,222, the town's income levels are 28 percent above the state average (\$25,952) and in the top 20 percent of communities statewide. The town's population is spread across 14.6 square miles, yielding a fairly low population density of 561 people per square mile. This is well below the Essex County average of 1,466 people per square mile. Including the road miles owned by Mass Highway, as well as accepted and unaccepted town roads, center line road miles in Hamilton total 51.81 miles.

Given the above community characteristics, it is not surprising that the town's crime rate is relatively low. According to statistics published by the State Police Crime Reporting Unit, Massachusetts had a crime rate that was substantially below the national average in 2005 (the most recent year this comparative data is available)<sup>1</sup>. The state ranked 42<sup>nd</sup> among the 50 states in total crime rate in 2005. The rate of crime in Hamilton is well below the Massachusetts average for both violent crimes (murder, rape, aggravated assault and robbery) and for property crimes (burglary, larceny and motor vehicle theft).

More recent data indicates that the department responded to 80 such offenses during 2008, including 19 simple assaults, 11 burglaries, 49 larcenies/thefts and one motor vehicle theft. Offenses committed during 2008 totaled 295, 153 of which were considered criminal incidents, with the remainder being more minor offenses such as traffic offenses. Of course, department activity includes many more incidents and calls than those represented by these more serious crimes. Calls as measured by the dispatch system totaled 4,852, when routine information calls, internal communications and directed patrols are eliminated.

Longstanding department practice has been to have at least two officers on duty for every shift. Typical coverage during 2008, excluding the chief, was to have at least two officers on the night shift, at least three on the evening shift and as many as four during the day shift when court appearances, training sessions and out of town meetings occur. Working well below complement, the department has relied heavily in recent months on overtime and reserve officers to properly staff these shifts. Budget plans for FY2010 indicate that as few as 13 uniformed officers will be recommended for funding at town meeting.

Police services are based out of the town's new public safety building that opened in January of 2007. Located along Route 1A in South Hamilton, the facility is situated in close proximity to the Wenham line. Dispatch services for both Hamilton and Wenham are provided out of this facility using the Information Management Corporation's (IMC) dispatch program. The server and software are located in the Hamilton facility and Wenham pays an annual assessment for its share of these costs. The IMC records program is integrated with the dispatch system and is used to store criminal arrest records, accident investigations and other complaints or reports.

### Wenham Police Department

In fiscal year 2009, the Town of Wenham approved a budget that provides for a police department with 10 uniformed officers. Included in the department's spending plan are a chief, one captain, two sergeants and six patrol officers, one of whom is a detective. Supplementing the full-time staff is a reserve force of 14 members.

The town has accepted M.G.L. c. 41, §97A, the "strong chief" statute that places responsibility and control of the department more squarely in the hands of the police chief. None

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<sup>1</sup> Crime Reporting Unit of the Massachusetts State Police, *Crime in Massachusetts, 2004-2005*, Commonwealth Fusion Center,

of the positions in the department are subject to civil service provisions. All officers, but the chief and the captain, are in the Police Benevolent Association of Wenham bargaining unit.

Currently, the department is operating with only nine uniformed officers due to a retirement. The proposed budget for FY2010 is likely to include funding for only the nine officers. In general, the department's superior officers (excluding the chief) average close to eighteen years of service to the town. Not including the detective, the remaining patrol officers have worked for the town an average of about two and a half years.

The department provides police services to an affluent, suburban population that is comparable to Hamilton's. Town residents earn, on average, substantially more than the state average. With an average per capita income of \$36,812, the town's income levels are about 42 percent above the state average (\$25,952) and in the top 20 percent of communities statewide. The town's population is spread across 7.7 square miles, yielding a fairly low population density of 598 people per square mile. This is well below the Essex County average of 1,466 people per square mile. Including the road miles owned by Mass Highway, as well as accepted and unaccepted town roads, center line road miles in Wenham total 32.08 miles.

As it is in Hamilton, Wenham's crime rate is relatively low given the socioeconomic characteristics of the town. The rate of crime in Wenham is well below the Massachusetts average for both violent crimes (murder, rape, aggravated assault and robbery) and for property crimes (burglary, larceny and motor vehicle theft). Recent data indicates that the department responded to 43 such offenses during 2008, including one rape, two robberies, 10 assaults, three burglaries, 25 larcenies/thefts and two motor vehicle thefts. Departmental activity includes many more incidents than those represented by these more serious crimes. Calls as measured by the dispatch system totaled 3,662 when routine informational calls and directed patrols are eliminated.

Department practice has been to have at least two officers on duty for every shift. Excluding the chief, typical coverage in recent months is two officers with three on occasion during the evening shift, two officers on the night shift, at least two and often three on the day shift when court appearances, training sessions and out of town meetings occur. Working somewhat below complement and with a fairly small staff, the department has relied heavily in recent months on reserve officers and overtime to properly staff these shifts.

Police services are based out of the town's new police station that opened about a year ago. The station is located on Main Street about a mile from the Hamilton facility.

### Opportunities to Share Police Services

The two police departments have a long and successful history of sharing dispatch services and records management software and hardware. Short of merging the two departments, we will examine the possibilities for additional sharing of services between the two departments. For example, Hamilton is currently without a police chief and could conceivably

share a police chief with Wenham by creating an inter-municipal agreement under M.G.L. c. 40, §4A. Recent amendments to this statute allow the chief executives in each town to execute a contract to share services in this manner. Another possible area of collaboration is to cross-swear officers so they have jurisdiction in each community.

*Sharing a Police Chief* – A potential hurdle to reaching an agreement where Hamilton would purchase police chief services from Wenham is the need to resolve collective bargaining issues. In an organized labor environment, sharing a chief probably represents a change in the terms and conditions of employment for the officers and unless successfully impact bargained, the chances for success are diminished greatly. Since union opposition in the form of grievances or charges of a prohibited practice will potentially undermine the shared chief concept and create a major distraction to successful departmental operations, we think it is in the towns' best interests to impact bargain the shared chief concept with each labor union involved.

Operating two departments from two police stations with one chief is also problematic as it is more difficult to supervise officers in two different locations. Decisions as to how personnel resources will be allocated between the towns will be an issue and, to an extent, clarity in the agreement can help reduce conflict. How the chief's time is allocated, when office hours might be established in each town and how the chain of command will work if the chief is not available are among the issues that should be addressed. If these issues are not adequately covered in the agreement, there is a danger that problems will arise where one town may feel that it is not getting an adequate or agreed upon share of the chief's time. Sharing a chief could potentially save modest amounts of money for each town depending on how the costs were allocated.

*Cross-swearing Officers* – Whether operating with a shared chief or separate chiefs, we examine whether there are potential opportunities for savings or efficiencies if the two towns were to cross-swear their officers. With cross-swearing, officers would have the full power and authority to act in either town. This may allow the towns to realize some of the economies of scale that a larger department might enjoy. In other words, is it possible, short of a full regional department, for the combined forces of the two towns to be deployed in a more coordinated and efficient manner to minimize costs.

In this case, the officers would report to the shared chief who would supervise the officers and establish uniform standards for each department. The number of patrolmen on duty could be coordinated between the two towns in a more efficient manner than exists with separate departments. Consequently, a lower uniformed staff complement or less reliance on overtime or reserve officers may be possible. For example, each town currently tries to have at least two officers on for each night shift (12AM to 8AM). With cross-swearing and coordinated patrols, it may be possible to staff the two towns with a total of two or three officers on the night shift, rather than four.

In a union environment, achievable savings derived from cross-swearing officers and the associated economies of scale will be impacted by the towns' ability to reconcile labor contracts. For example, additional details like dovetailing the seniority list, determining relative rank and

reporting relationships between the two departments, and deciding how shifts are assigned, among other issues, will need to be addressed during this bargaining process. Hamilton's contract has very specific provisions to determine shift assignments based on seniority while Wenham's contract appears to allow management more flexibility to assign officers. Unless the two shift assignment processes can be made to work in concert, the towns will not be able to generate the potential savings possible (see section on fully regionalized police department).

Absent union cooperation, the working relationship between the two towns' patrol officers, superior officers and shared chief will lack clear definition and department operations will be fragmented.

While sharing a police chief will probably generate modest saving, additional economies generated by cross-swearing officers are not likely to be forthcoming where two or more unions are involved. Essentially, the cross-sworn officers would be covering the same geographical area under nearly identical working conditions, but they would be represented by two separate labor unions with different levels of compensation and benefits. Setting aside the legal issue of whether two unions can represent officers doing the same job, the necessary bargaining to implement this scenario will no doubt rise to the same magnitude as needed to fully regionalize the department.

While cross-swearing officers might be a valuable practice as a means to provide improved situational assistance between the towns, it is not a practical vehicle to realize the full economies of scale that may exist in a regional or merged department. In smaller towns, where departments are limited to one or two officers that are not unionized, cross-swearing has the potential to be of real benefit. Cross-swearing could improve coverage and service levels in each town, but issues like the chain of command and how to balance scheduling and coverage to the satisfaction of all towns involved still must be resolved. Liability in the event of officer injury is another issue, though this could be handled in the same manner as injuries occurring during a mutual aid response where the officers' community generally bears this burden as if it happened locally.

### Establishing a Regional Police Department

The most comprehensive approach to sharing police services is to establish a regional police department. Early in the process is the best time to examine and analyze several important considerations before two or more municipalities seriously consider pursuing this course. Among the issue to be assessed are:

*Police workloads and operating environments are similar* – A review of crime statistics as submitted to the Massachusetts State Police over a four year period reveals that violent crime occurs infrequently in either town, and at a pace well below the state average. Property crimes also occur at a less frequent rate than the state average. Resident calls for service are substantial

however, with Hamilton reporting 4,852 calls in 2008 and Wenham reporting 3,662 during the same period.

*Vacancies in key positions exist or retirements are pending* – The police chief’s position in Hamilton is currently vacant and all, but two, of the town’s superior officers are planning retirement or have recently retired. At a minimum, this is an opportunity to restructure the management of the Hamilton police department, reclaim the department’s public image and improve employee morale.

*There is a new facility of a suitable size in an advantageous location* – Though both towns have recently opened new police stations, the Hamilton station is the larger of the two. The space is sufficient to accommodate a regional department and is located in close proximity to the Wenham town line, with easy access to most main roads in Wenham. The planned move to a county-wide regional dispatch system will also free up a significant amount of space in the Hamilton station now occupied by the current regional dispatch center. Nonetheless, reaching agreement on how to share capital costs of the regional facility will be problematic since each town has just begun to pay off the debt associated with the new facilities.

*Departmental salaries and benefits are uniform, especially if departmental employees are unionized* – However, even when favorable conditions exist, in a collective bargaining environment, the employer in the regional department will have to reach agreement on a new labor contract with the employees of the new department. Generally, this requires that the new agreement be crafted in such a way as to ensure that employees are uniformly compensated and are not adversely impacted by the new agreement. This does not necessarily mean that all of the best, most costly, existing provisions have to be honored in the new contract. Rather, it means that each group needs to receive at least some benefit. If salaries and benefits are at disparate levels, the costs to equalize them may prove to be prohibitive. In any case, relative parity in the salaries and benefits provided by the two existing collective bargaining agreements makes regionalization more feasible and labor negotiations more manageable.

### Determining Staffing in a Regional Police Department

To determine the number of patrol officers necessary for a regional police department, we have reviewed and adapted the methodology of the International Association of Chiefs of Police (IACP).<sup>2</sup> The IACP recommends analyzing the number of complaints or incidents that are received by each individual police department and that require a response or official action. Routine calls for information or conveying messages are not counted, nor are calls related to internal department matters. If the number of calls is not available, the IACP suggests that they

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<sup>2</sup> Governor’s Center for Local Government Services, *Regional Police Services in Pennsylvania: A Manual for Local Government Officials*, Department of Community and Economic Development, September, 2007 International Association of Chiefs of Police (IACP) method as adapted in *Regional Police Services in Pennsylvania*.



can be estimated based on the assumption that the average community will generate 550 incidents or complaints per 1,000 residents.

In 2008, Hamilton received 4,852 calls that met the above criteria, while Wenham received 3,662. Despite the relatively low incidence of serious crime in each community, both logged more calls than the IACP estimation method would indicate. Hamilton exceeded this amount by close to 8 percent and Wenham exceeded the assumed amount by about 44 percent. In part, the Wenham number may be influenced by proximity to Route 128 and the more densely populated neighboring communities. However, it is also possible that, over time, residents have developed expectations about service levels in their respective police departments that will impact these numbers.

Under the IACP staffing methodology, the combined number of calls (8,514) is then multiplied by .75 to determine the number of hours required to respond to these calls. This is based on the assumption that, in general, it takes about forty-five minutes or .75 hours to deal with each call ( $8,514 \times .75 = 6,386$ ). This result is then multiplied by three to reflect the fact that the patrol officers have other duties as well and that the time spent responding to these calls typically represents only about one-third of their time ( $6,386 \times 3 = 19,157$ ). This factor allows for the time spent on routine, directed or preventative patrols, as well as time spent on meetings, vehicle refueling, meals, and other personal needs. This product, 19,157 patrol hours, represents the total number of patrol hours that must be covered in the regional department.

The number of officers needed to cover 19,157 patrol hours is calculated by dividing the number of patrol hours by the number of hours that a patrol officer actually works. For example, a patrol element represents a shift that must be staffed all year round. Obviously, due to paid leave and other absences, it will take more than one officer to staff each patrol element. To figure out how many officers are needed requires an examination of the actual hours a given officer is available to fill shifts, net of all types of leave.

The calculation of the number of available patrol hours of an individual officer begins with the work schedules as stipulated in the labor contracts as well as various types of leave provided by the contracts. This leave can include paid contractual leave (vacation, holiday, personal, sick, injury, bereavement, training, and military leave) and unpaid leave required by federal law (Family and Medical Leave Act (FMLA)).

Each current labor contract calls for a work schedule of four days on and two days off. Dividing this six day schedule into 365 days yields a total of 60.83 work weeks. Multiplying the number of work weeks by the number of days of work equals ( $60.83 \times 4 = 243.3$  work days). Multiplying this number by 8 hours yields the annual number of work hours associated with one police officer ( $243.3 \times 8 = 1,947$ ) with a four/two work schedule prior to taking contractual leave estimates into account.

After analyzing the leave allowed by each contract, we have estimated that the average vacation allowance is 23 days or ( $8 \times 23 = 184$  hours). This average does not include those officers that have resigned or retired, or are expected to retire in the near future. Presumably, these

senior officers will be replaced by new officers with less vacation time. It also assumes that the Hamilton contract provision that calls for seven day vacation weeks is not extended to all personnel in a regional department. Though this will be a difficult issue for negotiation, other leave estimates are conservative enough so that, in the aggregate, estimated leave is still reasonable.

Each contract provides for eleven holiday days annually, with two personal days in Hamilton and three in Wenham. For sick time, officers in each town receive 15 sick days a year though actual usage is lower. On average, we assume about 7 sick days are used per officer. Injury time is allocated at one week per officer, though this number can vary greatly depending on the year and type of injury. Finally, we have allowed twelve days for training and other miscellaneous leave such as bereavement, FMLA or military leave. The calculations are summarized below.

### Available Patrol Hours per Officer

|   |   |                    |
|---|---|--------------------|
| Available hours per year (243.33 X 8)       | = | 1,947 hours        |
| <b>Minus:</b>                               |   |                    |
| Vacation @ 23 days (23 X 8)                 | = | 184 hours          |
| Holiday @ 11 days (11 X 8)                  | = | 88 hours           |
| Sick/injury/pers. @ 15 days (15 X 8)        | = | 120 hours          |
| Training/other @ 12 days (12 X 8)           | = | 96 hours           |
| <b>Net Available Patrol hours (rounded)</b> | = | <b>1,460 hours</b> |

After adjusting available work hours for days off and other leave, the net annual available hours for a patrolman are 1,460, or exactly half of the 2,920 hours necessary for a full year. In other words, in this case, it takes two officers to provide coverage for a given patrol element every day of the year as each officer is available 182.5 work days a year ( $1,460 / 8 = 182.5$ ). Dividing the number of patrol hours to be covered by the available patrol hours yields 13.12 patrol officers ( $19,157 / 1,460 = 13.12$  patrol officers).

The next step is to determine how to allocate the patrol elements and assigned officers among the three shifts in each day. Again, we have relied on IACP research regarding how patrol elements should be allocated by shift. According to IACP studies, police activity for each shift occurs in the following percentages:

|                            |     |
|----------------------------|-----|
| Day Shift (8am – 4pm)      | 33% |
| Evening Shift (4pm – 12am) | 44% |
| Night Shift (12am – 8am)   | 22% |

The Table below assigns the necessary patrol elements and officers to a particular shift and displays the number of assigned officers necessary to reach the target number of patrol elements. The assigned officers reflect the previously established fact that it takes two officers to

staff a single patrol element. Next, we rounded the fractional staff numbers produced by these calculations. We increased the officers assigned to the day shift to five officers, reflecting the fact that this is when court appearances and meetings occur. Evening and night staffing was rounded up slightly to yield whole numbers. The actual number of officers assigned to patrol is fourteen, with seven actually on each day.

### Staffing Allocation with Fourteen Patrol Officers

| Shift   | IACP percent | Patrol Elements | Officers Assigned | Rounded Officers Assigned | Actual Shift Staffing |
|---------|--------------|-----------------|-------------------|---------------------------|-----------------------|
| Day     | 33%          | 2.19            | 4.37              | 5                         | 2.5                   |
| Evening | 44%          | 2.91            | 5.83              | 6                         | 3.0                   |
| Night   | 22%          | 1.46            | 2.93              | 3                         | 1.5                   |
| Total   |              | 6.56            | 13.12             | 14                        | 7.0                   |

Management responsibilities for the regional department will be vested in a chief of police, with a deputy chief to serve as the second in command. The deputy chief will have sufficient experience and training to assume the role of acting chief when the chief is absent. Both of these officials will be considered department management and, as such, will not be members of the new or expanded regional police union.

As the supervisory staff is not included in the patrol assignment totals, we need to determine how many superior officers are necessary other than the chief and deputy chief. In most cases, there should be a supervisor on all shifts except perhaps the occasional night shift. Similar to the calculations with the patrolmen, we have determined that it takes two supervisory officers assigned to actually cover a given shift all year.

If we assume that there will be four sergeants in a regional department, one could be assigned to the day shift where additional supervisory support will be available from the police chief and deputy chief. The remaining three sergeant positions could be split between evenings and nights so that most evenings will be covered at regular pay. This leaves the night shift operating without a supervisor on duty between two and three shifts per week. Currently, neither town is able to staff the night shift with a supervisory officer, so this staffing model offers improvements to current service levels over and above any dollar savings that may be available.

With this allocation of supervisory staff some overtime may be necessary to ensure adequate coverage on the evening shifts. During the night shift additional coverage could come from the reserve force. Assigning a fifteenth patrol officer to the department that could be assigned to a split shift of evenings and nights will reduce some of the need for overtime (See Table below). This brings the total number of uniformed officers to twenty-one. Another potential benefit is that with the combined forces of a regional department, the past practice of employing only reserve officers to staff a limited number of shifts can be eliminated.

### Staffing Allocations with Fifteen Patrol Officers

| Shift   | IACP percent | Patrol Elements | Officers Assigned | Rounded Officers Assigned | Actual Shift Staffing |
|---------|--------------|-----------------|-------------------|---------------------------|-----------------------|
| Day     | 33%          | 2.19            | 4.37              | 5.0                       | 2.50                  |
| Evening | 44%          | 2.91            | 5.83              | 6.5                       | 3.25                  |
| Night   | 22%          | 1.46            | 2.93              | 3.5                       | 1.75                  |
| Total   |              | 6.56            | 13.12             | 15.0                      | 7.50                  |

While it is conceivable that a regional department could be operated with fewer than the twenty-one uniformed officers proposed above, we have made a conscious decision to build-in enough officers to sustain a fully staffed department and minimize overtime expenses. Reliance on reserve officers will be more as an adjunct or supplement to the full-time force rather than as a substitute for necessary full-time officers. While hiring reserve officers is cost effective from a budgetary point of view, relying heavily on the reserve force means putting lesser trained officers on the street. Training for reserve or intermittent officers is limited to an initial 120 hour program, while regular municipal police must complete a comprehensive 800 hour/20 week intensive police academy training program with hands-on and classroom instruction.

We recognize, as well, the ongoing time commitment that it takes to support a well-trained, professional police force where officers receive close supervision and guidance to ensure that departmental procedures are enforced in a consistent and even-handed manner. It is also easier to provide a comprehensive, in-service training program to officers in a larger department. In smaller departments, training opportunities often require that shifts go unfilled or that they be filled by overtime. Though fiscal realities may justify a slightly smaller regional force, these decisions come with a cost where staff absences may not be covered, or additional reliance on overtime and reserve officers is necessary.

To support the findings of our analysis, we have identified comparison communities that have populations similar to the two towns combined. These results were further refined by identifying those that have similar levels of personal income and property wealth. Appendix H presents that data for these comparable municipalities and displays the staffing levels in their respective police departments. The average number of uniformed officers in the ten comparable towns was 21.5.

### Facility Costs and Other Issues

Significant thought must focus on negotiations and reaching consensus on how to allocate building costs in a regional department. Complicating the process is the fact that each town has recently built a new police station and these buildings have associated debt service payments that extend well into the future.

*Debt Service* – Since the Hamilton station is both centrally located and of sufficient size for a regional department, it is reasonable to assume it will be the regional station. Therefore, in

addition to ongoing operating costs, it is sensible to allocate the remaining debt service payments for this facility between the two towns over the next seventeen years. For illustration purposes, we use the allocation method the towns agreed to for other regional services such as the library and recreation departments. This method is based on each town's proportionate share of the aggregate assessed valuation over the three most recent years.

Assuming that the police station portion of the Hamilton public safety facility accounted for about half of the total capital cost, then half of the debt service will be allocated to the regional department. In this scenario, Wenham's annual share of the police portion of the debt will approach \$97,000 initially and gradually decline to approximately \$50,000 over the seventeen year term (See Appendix I "Police Share of Public Safety Building Debt").

Subject to negotiation, however, Wenham will remain solely responsible for the debt payments on their police station that will be taken out of service. If a suitable reuse of the facility can be found for a regional purpose, Hamilton might be willing to shoulder some of this burden. This will mitigate the negative financial impact on Wenham.

*Operating and Maintenance Costs* – Annual facility operating costs will have to be allocated and a method for sharing future capital costs will also have to be developed. Methods for sharing costs for repairs, replacement or improvements to HVAC, roof, septic and other systems that require periodic capital investment will also have to be determined. In this case, the two towns have already successfully negotiated similar agreements for the library, recreation and dispatch center. The towns' successful track record with these other services should make this process relatively straightforward.

*Other Costs* – Moving to a regional department will also involve standardizing service revolvers as the towns currently use different makes. Uniforms for the new department will be needed, but some of these costs should be covered by the annual uniform allowance that the officers receive. Vehicles would also have to be either repainted or, at a minimum, have the new department's name and seal applied to the marked cruisers. These transition costs are not likely to be that substantial and it is possible that they could be spread over more than one year.

### Cost Savings with Regional Police Department

Using the estimates of department staffing derived earlier, we will quantify the estimated savings that are possible with a regional or merged police department. The proposed department includes a staff of twenty-one officers compared to the twenty-five officers the towns provided for in their FY2009 budgets. The need for only one police chief, the known retirements/departures of some senior officers and the generally lower number of total uniformed officers yields about \$289,000 in total savings from salaries and other compensation. No layoffs are necessary given current vacancies and the expected retirements of two officers, in fact, this proposed staffing level requires hiring one additional officer.

To determine these estimates, we analyzed the pay scales provided for in each collective bargaining agreement and increased the total compensation to the higher of the two levels. As there were numerous differences in the contracts, we relied on total compensation and other pay, including base pay, police career incentive pay (Quinn bill), merit, longevity, EMT, and uniform and cleaning allowances.

With the exception of their first year, the Hamilton officers do slightly better than their counterparts in Wenham over their first three years. Consequently, the pay for the relatively new Wenham officers was factored up modestly to equal the Hamilton pay. In the later years, the Wenham officers are paid more than their contemporaries in Hamilton. Therefore, we increased the compensation of the more senior Hamilton officers to equal that of their Wenham colleagues.

Finally, since we recognize that ultimately all of these calculations will be subject to bargaining and reaching agreement on a new contract, we have added an additional estimate of \$20,000 in salary costs to account for the natural give and take that will occur in the collective bargaining process. For example, the most recent Hamilton contract extends only through FY2008 while the Wenham contract provides for FY2009 pay increases. Another issue is that the detectives in Hamilton have regular patrol responsibilities and are paid the same as patrolmen. In Wenham, there is a separate pay scale for detectives that is higher than the patrolmen's scale. These issues will have to be reconciled in the bargaining process and will impact the total savings.

The Table below details how much each town has appropriated for base pay and other compensation, not including evening and night differentials. When we project the potential savings for a regional department, we compare this total (\$1,766,440) with the projected salaries necessary in a regional department.

### Base Pay and Other Compensation

| <b>FY2009</b>    | <b>Hamilton</b>  | <b>Wenham</b>  | <b>Total</b>     |
|------------------|------------------|----------------|------------------|
| Base Pay         | 786,315          | 565,261        | 1,351,576        |
| Quinn Bill       | 156,748          | 82,210         | 238,958          |
| Longevity        | 56,463           | 1,450          | 57,913           |
| Merit            | 0                | 13,325         | 13,325           |
| EMT              | 55,436           | 4,500          | 59,936           |
| Uniform/Cleaning | 19,857           | 24,875         | 44,732           |
| <b>Total</b>     | <b>1,074,819</b> | <b>691,621</b> | <b>1,766,440</b> |

As previously described, we factored up total compensation to the higher of the two contracts. Our projected compensation for the regional department totals \$1,457,678, plus another \$20,000 estimated to be needed to reconcile and resolve other issues. The total of \$1,477,678 is compared with the total of the towns' budgeted amounts of \$1,766,440 to yield the potential savings in regular compensation of \$288,762.

We then examined the amount needed for overtime pay and reserve officers. Given their relatively small size, each department has relied fairly extensively on overtime and reserves to maintain staffing complements as vacancies due to illness, injuries, vacations or retirements

occur. As previously discussed, a major benefit with a regional department is that economies of scale can be realized. These economies, along with our decision to create a well-staffed department where the various forms of officer leave and other time away from regular patrol activities are more fully accounted for, should allow a regional department to save a significant amount compared to what the two towns currently spend.

### Current FY2009 Overtime/Reserve Appropriations

|                      | FY09 Appropriation |
|----------------------|--------------------|
| Hamilton OT/Reserves | \$185,430          |
| Hamilton Holiday OT  | \$20,870           |
| Wenham OT/Reserves   | \$200,000          |
| <b>Total</b>         | <b>\$406,300</b>   |

We begin by looking at known overtime opportunities such as the coverage of the eleven contractual holidays. We estimate that these holidays could be covered with either twelve-hour shifts with three officers on one shift (night/morning) and four on the other (afternoon/evening) or with traditional eight-hour shifts with three officers on days, four on evenings and three on nights. To be conservative, we used an overtime rate in these estimates that is about the mid-point between the patrolmen's scale and the sergeants' scale. We then look at the small gaps in night shift coverage that may warrant reserve coverage or the possible need to supplement staffing by adding a reserve on a Friday or Saturday evening. We project that this will be about sixteen to twenty reserve shifts per month.

The most difficult part of projecting necessary overtime funding is that it is impossible to project or plan for a confluence of sick, injury or other gaps in desired staffing levels that may occur. We allotted approximately ten overtime shifts per month to cover foreseeable staffing needs where hiring a reserve or not filling the vacancy is problematic. Additional overtime needs arise for special events, EMT training, court time and traffic control at the schools. To cover these occasions, and include a reasonable amount for periods when unforeseen circumstances warrant additional officers, we have included another \$100,000 for overtime or reserves. This is enough to fund more than 250 additional overtime shifts. These estimates are as follows:

### Projected Overtime/Reserve Costs

|                  | Shifts | Cost             | Notes                           |
|------------------|--------|------------------|---------------------------------|
| Holiday OT       | 77     | \$45,045         | 12 hr. shifts with 3/4 staffing |
| Reserves         | 240    | \$38,400         | 20 reserve shifts/month         |
| OT coverage      | 120    | \$46,800         | 10 OT/month                     |
| OT/Reserve Misc. | 250+   | \$100,000        | Special events/unforeseen       |
| <b>Total</b>     |        | <b>\$230,245</b> |                                 |

Comparing the estimated amounts to cover holidays and other needs with the amounts the towns have appropriated yields a projected savings of approximately \$176,000 ( $\$406,300 - \$230,245 = \$176,055$ ).

We further assume that the regional department will need a full-time administrative assistant. Currently, the Hamilton department has a half-time administrative assistant and a four-hour payroll assistant while the Wenham department shares an administrative assistant with the fire department. Moving to one full-time, forty-hour administrative position in a regional department saves another \$18,882. Further savings (\$30,500) accrue to the department through closing the Wenham police station. Combining the savings in overtime/reserve spending, building expenses and administrative costs determined above with the savings estimated earlier in the regular officers' pay accounts of \$288,762 results in an estimated total savings of \$514,139 in direct police department appropriations ( $\$176,055 + \$18,882 + \$30,500 + \$288,762 = \$514,139$ ). See the Table on next page titled "Comparison of Current Versus Regional Police Costs" for the detailed calculations.

For simplicity sake, we assume that any cost savings associated with health insurance premiums, pension assessments, Medicare tax and other insurance for a smaller department will be sufficient to offset the transition costs previously discussed such as new uniforms, standardizing service revolvers and other equipment and painting or putting new department seals on marked cruisers.

Though we will not discuss them in any depth here, they are described in detail and quantified in the section of our report on the impact of a complete merger. Modest savings are also possible if older cruisers can be retired from service thereby saving money on vehicle insurance and maintenance costs.

To develop the regional police budget, we added the expense line items together for the two towns. Most of these appropriations relate to the purchase or maintenance of equipment, maintenance of cruisers, two leased cruisers and general department supplies. Though there may be modest savings in some of these areas with a regional department, they will be a relatively small percentage of the total budget.

We also reviewed police department costs that appear in other budgets such as debt service and operating costs for the new police stations and the cost of gasoline funded in the public works' budget in Wenham. The allocation of the regional police budget is based on the same formula the towns use for the regional library, recreation department and emergency dispatch service.



### Comparison of Current Versus Regional Police Costs

|  | Hamilton           | Wenham             | Total              | Regional           | Savings          |
|--|--------------------|--------------------|--------------------|--------------------|------------------|
| <b><u>Direct Appropriations</u></b>            |                    |                    |                    |                    |                  |
| Salaries & Other Comp.                         | \$1,074,819        | \$691,621          | \$1,766,440        | \$1,477,678        | \$288,762        |
| OT, Holiday & Reserves                         | \$206,300          | \$200,000          | \$406,300          | \$230,245          | \$176,055        |
| Night/Evening Differential                     | \$25,136           | \$25,675           | \$50,811           | \$50,811           | \$0              |
| Administrative                                 | \$23,219           | \$41,351           | \$64,570           | \$45,748           | \$18,822         |
| Equipment/Expenses **                          | \$58,500           | \$104,286          | \$162,786          | \$132,286          | \$30,500         |
| Shared Lease/capital                           | \$9,667            | \$33,000           | \$42,667           | \$42,667           | \$0              |
| <b>Direct Sub-total</b>                        | <b>\$1,397,641</b> | <b>\$1,095,933</b> | <b>\$2,493,574</b> | <b>\$1,979,435</b> | <b>\$514,139</b> |
| <b><u>Indirect Appropriations</u></b>          |                    |                    |                    |                    |                  |
| Building Expenses                              | \$42,195           | \$0                | \$42,195           | \$42,195           |                  |
| Building Debt Service                          | \$271,179          | \$246,917          | \$518,096          | \$271,179          |                  |
| Gasoline                                       |                    | \$10,000           | \$10,000           | \$10,000           |                  |
| <b>Indirect Sub-total</b>                      | <b>\$313,374</b>   | <b>\$256,917</b>   | <b>\$570,291</b>   | <b>\$323,374</b>   |                  |
| <b>Total</b>                                   | <b>\$1,711,015</b> | <b>\$1,352,850</b> | <b>\$3,063,865</b> | <b>\$2,302,809</b> |                  |
| Allocation Percent<br>(3 yrs. Assessed Values) | 64.25%             | 35.75%             |                    |                    |                  |
| Regional Allocation                            | \$1,479,555        | \$823,254          | \$2,302,809        |                    |                  |
| Wenham Building Costs **                       |                    | \$0                | \$0                |                    |                  |
| Wenham Building Debt                           |                    | \$246,917          | \$246,917          |                    |                  |
| <b>Total Regional Costs</b>                    | <b>\$1,479,555</b> | <b>\$1,070,171</b> | <b>\$2,580,226</b> |                    |                  |
| <b>Projected Savings</b>                       | <b>\$231,460</b>   | <b>\$282,679</b>   | <b>\$514,139</b>   |                    | <b>\$514,139</b> |

\*\* Wenham police station expenses (\$30,500) remain with Wenham, but are not associated with police services

### Regional Police District Statute

There is an existing Massachusetts statute that can be used by two or more communities to establish a regional police district. This statute, M.G.L. c. 41, §§99B-99K, deals with many, though not all, of the issues that may arise with the creation of a regional police department. For example, it establishes a process for the towns to vote at their annual elections to adopt a regional department and decide whether the department will be under the control and supervision of a “strong chief” or not. The statute establishes a January 1<sup>st</sup> start date for the regional district, dissolves the existing town police departments and moves pending prosecutions to the new district.

Powers of the regional district include the authority to adopt a name and corporate seal, to sue and be sued, to acquire property and to issue bonds or notes. The district also has the authority to receive and disburse funds, receive grants, engage legal counsel and employ a chief of police. These powers and duties are vested in and exercised by a regional police commission that is comprised of two members from each town. Commission members are appointed by their respective boards of selectmen.

Sections 99G and 99I deal with the district budget process and how assessments are calculated for the member communities. These sections require that the district budget be developed for a calendar year and call for the budget to be finalized prior to December 1<sup>st</sup> each year. The assessments to the member towns must be certified by the district treasurer to the treasurers in each member town prior to December 31<sup>st</sup>. The member towns “shall, at the next annual town meeting, appropriate the amounts so certified and the town treasurer shall pay the amount so appropriated to said district forthwith.”

These sections raise several problems including the issue that the district’s budget is based on a calendar year and all other town budgets are based on a fiscal year. However, the fact that there is no process for the members to reject the budget by voting down the assessment appears to be the most serious flaw. For example, with respect to regional school budgets, M.G.L. c. 71, §16B sets out a process whereby the member towns may reject their assessment. In a two town regional school district, if either town votes not to approve its assessment, the budget must be returned to the school committee for reconsideration and amendment.

Another problem is that the assessment methodology is prescribed by the statute and doesn’t allow the member communities to agree to an assessment formula that is more to their liking. Section 99I stipulates that the assessments must be allocated fifty percent based on equalized property values, twenty-five percent based on population and twenty-five percent based on the number of road miles. In the case of Hamilton and Wenham, these relative proportions are fairly consistent on all three variables so this formula might be more workable with these two similar communities. Though this formula may be reasonable, it is not the least bit flexible and may present an impediment to communities that have other ideas of how costs should be shared.

The regional police statute contains contradictory provisions regarding civil service statutes as well. Though it doesn’t have an impact in this case, the statute states that the regional police district sections do not apply where civil service provisions are in effect for the members of the police force or the chief. Later, the statute sets out provisions for the transfer of employees and the preservation of their rights and benefits when they hold positions classified under civil service. Though it is possible that this language refers to other non-uniformed police employees that might have civil service status, there is a significant amount of conflict and ambiguity as to whether this statute may be implemented where civil service provisions apply. This alone may be sufficient reason to seek a special act or new general legislation to regionalize police services in communities where civil service provisions are in place.

The police district will also be a self-contained financial entity that receives and disburses funds. The statute calls for a district treasurer to be both the accounting officer and the treasurer, an outdated structure that doesn’t provide for adequate separation of those receiving cash and those keeping the accounting records.

While the police district statute provides a legal framework for a merged police department, it is deficient in several ways so as to make it close to unworkable. In fact, to the

best of our knowledge, this regional police statute has never been used by any communities in the state. In all likelihood then, communities seeking to regionalize police services will need to seek special legislation or new general legislation. Alternatively, an inter-municipal agreement may be a more suitable means to create a regional police department.

### Possible Alternatives to Regional Police Statute

An inter-municipal agreement under M.G.L. c. 40, §4A is a possible vehicle to create a regional police department. While there are some distinct advantages to an inter-municipal agreement, there are also several obstacles that must be overcome to negotiate a successful agreement.

The primary advantage is that an inter-municipal agreement will allow the two towns to build in a mechanism to control police budgets and spending through their legislative bodies. Special legislation would afford the towns the same flexibility as well. For example, the agreement could create a budget process, similar to the regional school budget approval process in M.G.L. c.71, §16B, that allows each town meeting to voice disapproval of the regional police budget by voting down their proportionate share. It may also be possible to impose limits on year to year growth in the regional police budget through language in the agreement.

An inter-municipal agreement also affords the towns the opportunity to customize an assessment methodology that suits their situation rather than being forced to use the formula required in the regional police statute. So instead of the statutory formula that relies fifty percent on equalized property value, twenty-five percent on population and twenty-five percent on road miles, the towns would be free to choose one, or more than one of these or other variables. For other regional services, the towns have used an allocation based on the relative proportions of the most recent three years of assessed valuation.

Another potential formula variable to allocate costs is the number of calls received from each community in the prior year. However, the number of calls will vary yearly and may yield assessments that are not as stable from a budgeting perspective as the assessments if calculated using other variables.

With an inter-municipal agreement, one community will serve as the host community and all financial transactions will be processed through the established financial systems in that town. This is probably preferable to setting up a separate financial operation as contemplated by the statute, particularly if the regional department is relatively small as it would be in this case.

The most significant problems with an inter-municipal agreement involve the succession of employees to the new regional department and the associated collective bargaining issues. Again, we assume that one town serves as the host community and agrees to become the employer for the purposes of M.G.L. c. 150E, the state's collective bargaining statute. The host town, or employer, would agree to hire the police employees of the other town, documents would

be filed with the Division of Labor Relations to dissolve the former bargaining unit and reorganize the larger employee group as a single bargaining unit.

Before either union involved would agree to this scenario, a substantial amount of work must be done to compare and reconcile existing contracts and propose a new, unified labor contract that all parties can respond to. For this effort to succeed, the new agreement must preserve current employee rights and benefits so that no employees are harmed by the new contract. Taking the best provisions from each individual contract will generally be cost prohibitive, so it will be necessary to do the requisite homework to understand existing contracts details so that a new contract offer can be made that makes all employees at least somewhat better off.

For example, if one town's salaries are significantly higher and the other town's vacation benefits are richer, a reasonable compromise may be possible. The salaries in the lower paying town could be increased to the level of the higher paying town while also reducing vacation accrual rates modestly. The lower paying town gives up some vacation time, but this is more than offset by additional salary dollars. The higher paid employees will maintain their existing salary levels, but receive an additional vacation allowance.

Another issue that must be dealt with in an inter-municipal agreement is the orderly transfer of existing investigations, evidence, records and pending criminal cases to the newly formed regional department. The regional police statute speaks directly to some of these issues, but these and others will have to be addressed specifically in an inter-municipal agreement. Dissolving an existing police department and labor union will also be necessary, but union agreement to merge will only follow after basic agreement is reached on the terms and conditions of a new labor contract.

## Conclusion

In small and medium sized towns, the concept of forming a regional police department represents a significant opportunity to save scarce budget dollars and improve service levels. In most cases, a considerable amount of preliminary work and in-depth analysis is required to reach consensus on an inter-municipal agreement or special legislation to implement a regional police department. Even when all aspects of the analysis point to a favorable result, however, the largest obstacle to successful implementation of a regional department in a unionized environment may be collective bargaining considerations.

Regionalizing clearly alters the manner in which police services are delivered and likely rises to the level of a change in the terms and conditions of employment as defined by M.G.L. c.150E. Though this statute prohibits public employees from striking, it also prevents public employers from unilaterally changing the terms and conditions of employment. Consequently, changes such as regionalizing services are mandatory subjects of bargaining between public employers and the existing labor unions.

While reaching agreement with the unions may seem to be an insurmountable barrier to regional services, it can be done. It requires that the parties initiate a thorough analysis of the existing contracts so that significant differences in contract language can be understood and reconciled. Since police officers' pay often comes from several different contract provisions, it is best to start the analysis with comparisons of total compensation and benefits. A complete grasp of the contract provisions makes it more likely that areas of compromise can be identified so that all of the most costly provisions from each contract do not have to be incorporated.

If good faith efforts to resolve collective bargaining impasses are not sufficient, there are other resources available to help communities. Additional assistance to help resolve conflicts between bargaining units and public employers is available through the mediation services offered by the Division of Labor Relations.

## **Fire Services**

In the sections on regional fire services that follow, we begin with a review of statewide fire statistics to provide context to better understand the incidence of fires in Massachusetts. Later in the analysis, we use this data to inform assumptions we make concerning staffing levels and coverage at a regional fire station. We then describe the current full-time and on-call staffing and the number of structure fires and other fires in each town. With the existing full-time staff merged into a combined department, the potential exists to provide extended station coverage to more closely coincide with the times when fires are most likely to occur. Finally, we offer some observations on the delivery of emergency medical services.

### Background

A review of the most recent statewide statistics (2007) as reported to the State Department of Fire Services offers insight into when fires occur, the underlying causes of these fires and the impact they have on people and property.<sup>3</sup> These statistics provide a background that helps define the fire problem in Massachusetts and is helpful in framing a given fire department's response to the infrequent, yet seemingly random occurrence of serious or fatal fires.

Central to the mission of any fire department is to prevent fires, or when prevention efforts fail, to protect against the loss of life and property. During 2007, sixty-one civilians died in forty-eight Massachusetts fires, a thirty-nine percent increase over the record-low forty-four fire deaths in 2006. Over the last ten years, however, the statewide trend is that deaths from fires have decreased slightly.

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<sup>3</sup> Department of Fire Services, *The Massachusetts Fire Problem, Annual Report of the Massachusetts Fire Incident Reporting System 2007*, Commonwealth of Massachusetts.

More than half (32 or 52 percent) of the 2007 fire deaths happened during normal sleeping hours in the period from 10PM to 7AM. Most fire deaths happened at home as fatal residential fires numbered forty of the forty-seven (85 percent) fatal structure fires. Improper or unsafe disposal of smoking materials caused 17 or 43 percent of the 40 residential fatalities. As an age group, older adults (age sixty-five and over) were most likely to die in a fire, accounting for 18 deaths or 30 percent of total 2007 fatalities. In thirty-nine percent of the residential fire deaths, there were no working smoke detectors and about half died in fires that started in the bedroom or living room.

Building fires were most prevalent during the heating season, with January being the peak month followed by February and December. Building fires are about fifty percent more likely to happen during these winter months than the months of July, August and September which had the fewest building fires. This stands to reason as heating equipment is the second leading cause of building fires.

Cooking was the leading cause of residential building fires in Massachusetts during 2007, causing 7,448 or 55 percent of the 13,441 total incidents (See graph of Leading Causes of Residential Structure Fires). Cooking fires were also the leading cause of injuries in structure fires accounting for 23 percent of all injuries. Often, civilians are injured when they attempt to extinguish cooking fires themselves. It's not surprising then that most building fires occurred around dinner time, with activity peaking between 5PM and 8PM. The graph below depicts the time of day, by hour, when building fires occur.

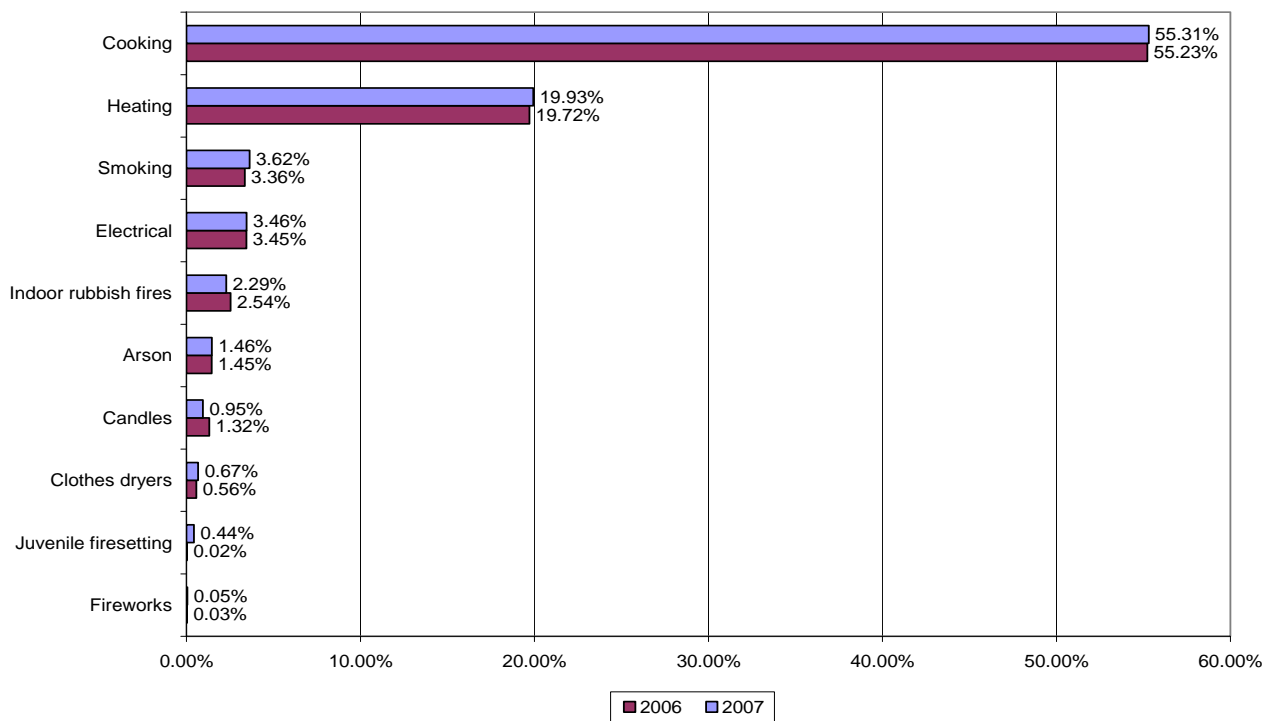
Taken together, these statistics suggest the need for ongoing fire safety education and preventative measures around the home. Recent legislation requiring "fire safe cigarettes" that self-extinguish became effective in Massachusetts on January 1, 2008 and in all other Northeast and Mid-Atlantic states on January 1, 2009. This should help reduce the number of smoking-related fire deaths, though statistics indicate that fatal fires will likely continue to occur in an infrequent and unpredictable manner.

### Hamilton Fire Department

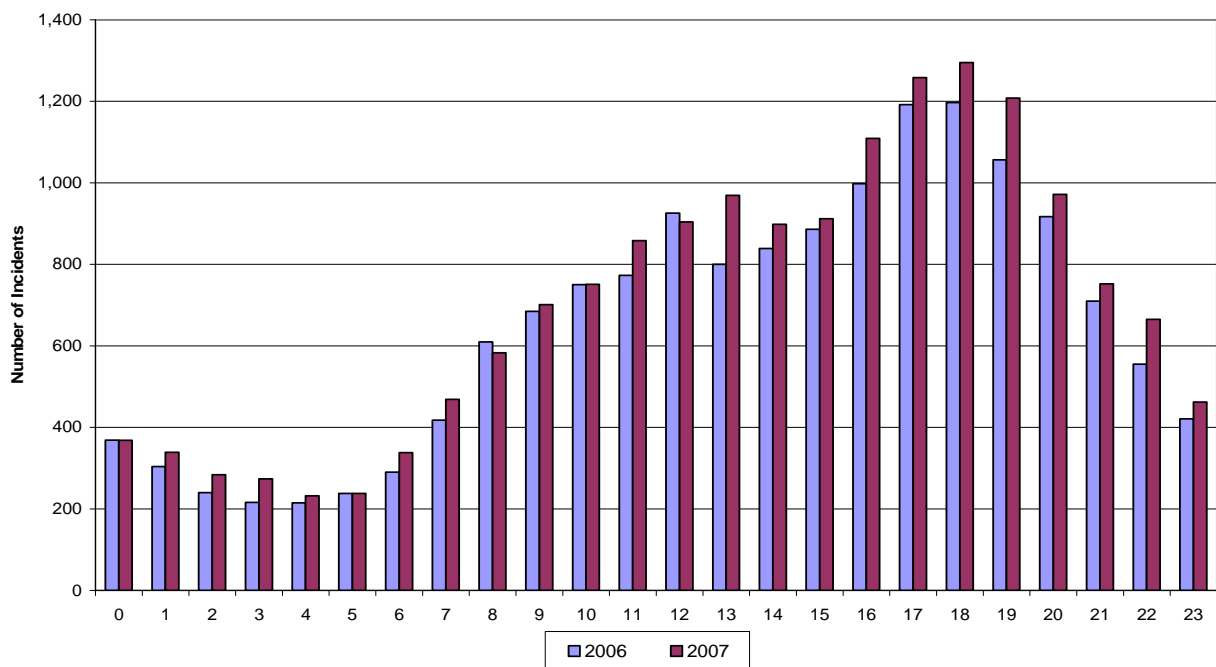
The Hamilton Fire Department is staffed by four full-time firefighters including the Fire Chief. With the exception of the chief, the full-time firefighters work four day weeks consisting of ten-hour days. The chief works on a Monday through Friday schedule of eight or more hours a day. All of the full-time firefighters belong to a recently formed union except the chief.

On most weekdays, there is at least one full-time firefighter on duty from 6AM through 6PM. The department relies on call firefighters to respond weekdays after 6PM, on weekends and holidays. The call firefighters staff the station with one officer and two firefighters on each weekend day from 10AM to 5PM. The department has a total of 33 call firefighters, 12 of whom live out of town. Nine of the call firefighters and three of the full-time firefighters are certified at the EMT-Basic level.

### Leading Cause of Residential Structure Fires



### 2006 & 2007 State-wide Total Building Fires by Hour



Source: Department of Fire Services, *The Massachusetts Fire Problem, Annual Report of the Massachusetts Fire Incident Reporting System 2007*, Commonwealth of Massachusetts.

Emergency Medical Services (EMS) had been provided by the Hamilton police department. However, earlier this fiscal year the department had its ambulance license suspended by the State Department of Public Health's Office of Emergency Medical Services. The EMT certifications of some of the town's police officers were also suspended. The town now relies on a contract with an area ambulance firm to transport patients to local hospitals.

During 2008, the department responded to a total of 511 incidents. Of these incidents, there were eight building fires, two cooking fires confined to a container, two confined chimney fires and seven fuel burner or boiler malfunctions with a confined fire. Other calls included 154 emergency medical/rescue calls, 153 false alarms, 21 mutual aid calls, 33 hazardous materials responses, 42 other hazardous responses and 76 other responses.

Residents enjoy excellent response times from the department. The National Fire Protection Association's (NFPA 1720) standards for a call force in a suburban setting require that ten firefighters be available at the scene within ten minutes at least eighty percent of the time.<sup>4</sup> For building fires and other incidents where an actual fire occurred that might threaten a building such as chimney fires, cooking fires and fuel burner or boiler malfunctions with a contained fire, the department's response time averaged slightly more than four minutes (See Chart on next page for details on 2008 structure fires and response times). Of these incidents, only one had a response time greater than ten minutes and that call occurred at about 1AM when there were no personnel at the fire station.

### Wenham Fire Department

The Wenham Fire Department is staffed by a full-time fire inspector who works Monday through Thursday from 7AM until 5PM and the fire chief who works 30 hours per week from 7AM to 1PM on a Monday through Friday schedule. Departmental staffing is supplemented with 32 call firefighters, six of whom (excluding the chief) reside in Wenham. The rest of the call force lives in the surrounding communities with most coming from Beverly or Danvers.

In the summer months between July 1<sup>st</sup> and Labor Day, the department staffs the fire station from 8AM to 5PM with three call firefighters. Current plans are to eliminate this coverage from the FY2010 budget.

During 2008, the department responded to a total of 578 incidents including six building fires (three of which were mutual aid calls), six cooking fires confined to a container, and five confined chimney fires. The department also responded to one contained trash fire, three vehicle or off-road vehicle fires and five brush or other outside fires. Department response times have been excellent and well within the time frames in the NFPA standards for call departments. On average, the department responded to the above structure fires, excluding mutual aid calls, in 5.43 minutes. When the response time for a third visit to a home with a chimney fire (14

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<sup>4</sup> National Fire Protection Association, *NFPA 1720 Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations and Special Operations (2004 edition)*, Chapter 4.3.2, Quincy, MA.



minutes) is excluded, the department averaged 4.77 minutes. As response time is measured when the first responder arrives, less clear is how many responded within the NFPA time frame.

EMS calls totaled 264, with another 35 calls for hazardous conditions (no fire), 58 public service calls including mutual aid standby calls, 61 good intent calls most of which were dispatched and cancelled en route, 128 false alarms and six other calls. Setting aside false alarms and calls cancelled en route, more than 63 percent of the department's remaining calls were EMS related.

Though both the Wenham police and fire departments respond to medical calls, EMS services are provided by the Wenham fire department. The fire department currently has 16 members who possess basic certification as an Emergency Medical Technician. The difference in the number of incidents the department responded to in 2008 is largely explained by the higher number of medical calls the department responded to (264). In Hamilton, the fire department does not provide EMS, so they consequently responded to fewer medical calls (154) than their counterparts in Wenham.

### Regionalizing Fire Services

Most often, a fire department's response to a call originates from the fire station where the trucks and other equipment are located. This is somewhat different from police services where officers often respond while on patrol rather than responding from the police station itself. Consequently, the location of the stations is a more critical factor in determining the viability of a regional fire department than it is for a regional police department.

In this case, the new Hamilton public safety facility is located within one mile of the existing Wenham fire station. Located on Route 1A in South Hamilton, the Hamilton facility is well situated to provide as good or better response times to the eastern two-thirds of Wenham. Though the station is located slightly farther away from the southwestern corner of Wenham than the existing Wenham station, a regional department offers the possibility of additional station coverage. If the regional department is able to provide more full-time coverage at the fire station during the period when most fires occur, then even this area of Wenham may be better served by a regional department.

Though the Wenham station has undergone some renovations, the garage area for the fire apparatus is outdated and too small for most modern fire equipment. It also lacks a diesel exhaust collection system to protect firefighters from the highly toxic gases and particulates produced by diesel combustion. The Hamilton facility has eight large bays capable of accommodating today's larger fire apparatus. The facility is also equipped with a diesel exhaust collection system with hoses that detach automatically when the trucks leave the station.

### Town of Hamilton

| Incident #     | Incident Code                      | Incident Date | Time of Alarm | Location (Street Address) | Response Time (minutes) | Miles to Location |
|----------------|------------------------------------|---------------|---------------|---------------------------|-------------------------|-------------------|
| 08-0008        | 111-Building fire                  | 01/07/08      | 10:40 AM      | Gregory Island Rd.        | 6.00                    | 3.18              |
| 08-0009        | 111-Building fire                  | 01/07/08      | 4:46 PM       | Asbury Ave.               | 2.00                    | 1.19              |
| 08-0022        | 111-Building fire                  | 01/23/08      | 4:59 PM       | Goodhue St.               | 5.00                    | 3.48              |
| 08-0058        | 111-Building fire                  | 02/21/08      | 5:34 AM       | Lake Dr.                  | 5.00                    | 1.83              |
| 08-0091        | 111-Building fire                  | 03/27/08      | 3:22 PM       | Highland St.              | 6.00                    | 2.73              |
| 08-0221        | 111-Building fire                  | 06/19/08      | 7:33 PM       | Walnut Rd.                | 3.00                    | 0.27              |
| 08-0447        | 111-Building fire                  | 11/04/08      | 8:37 AM       | Spring St.                | 1.00                    | 0.80              |
| 08-0464        | 111-Building fire                  | 11/20/08      | 7:20 PM       | Patton Dr.                | 5.00                    | 0.28              |
| 08-0384        | 113-Cooking fire, confined         | 09/19/08      | 6:30 PM       | Rust St.                  | 2.00                    | 0.56              |
| 08-0476        | 113-Cooking fire, confined         | 11/30/08      | 2:14 PM       | Rust St.                  | 2.00                    | 0.39              |
| 08-0020        | 114-Chimney or flue fire, confined | 01/22/08      | 7:23 PM       | Bay Rd.                   | 2.00                    | 0.14              |
| 08-0445        | 114-Chimney or flue fire, confined | 11/01/08      | 12:51 PM      | Sagamore Farm Rd.         | 5.00                    | 2.69              |
| 08-0035        | 116-Fuel burner/boiler, contained  | 02/06/08      | 7:53 PM       | Cutler Rd.                | 3.00                    | 1.33              |
| 08-0076        | 116-Fuel burner/boiler, contained  | 03/13/08      | 3:38 PM       | Bridge St.                | 4.00                    | 1.07              |
| 08-0208        | 116-Fuel burner/boiler, contained  | 06/14/08      | 4:29 PM       | Knowlton St.              | 3.00                    | 2.57              |
| 08-0414        | 116-Fuel burner/boiler, contained  | 10/11/08      | 6:45 AM       | Asbury St.                | 0.00                    | 0.39              |
| 08-0433        | 116-Fuel burner/boiler, contained  | 10/21/08      | 5:55 AM       | Lake Dr.                  | 7.00                    | 1.84              |
| 08-0456        | 116-Fuel burner/boiler, contained  | 11/13/08      | 7:58 AM       | Bridge St.                | 6.00                    | 2.00              |
| 08-0489        | 116-Fuel burner/boiler, contained  | 12/14/08      | 12:57 AM      | Prides Park               | 11.00                   | 3.08              |
| <b>Average</b> |                                    |               |               |                           | <b>4.11</b>             | <b>1.57</b>       |

### Town of Wenham

| Incident #     | Incident Code                      | Incident Date | Time of Alarm | Location (Street Address) | Response Time (minutes) | Miles to Location |
|----------------|------------------------------------|---------------|---------------|---------------------------|-------------------------|-------------------|
| 08-0006        | 111-Building Fire                  | 01/07/08      | 4:49 PM       | Asbury Ave/ Hamilton      | 2.00                    | 1.44              |
| 08-0249        | 111-Building Fire                  | 06/19/08      | 7:40 PM       | Walnut Rd./ Hamilton      | 4.00                    |                   |
| 08-0442        | 111-Building Fire                  | 10/11/08      | 12:55 AM      | Derby St./ Salem          | 16.00                   |                   |
| 08-0120        | 111-Building Fire                  | 03/30/08      | 6:56 AM       | Topsfield Rd.             | 5.00                    | 1.97              |
| 08-0122        | 111-Building Fire                  | 03/31/08      | 12:38 PM      | Parson's Hill Rd.         | 4.00                    | 4.80              |
| 08-0310        | 111-Building Fire                  | 07/30/08      | 5:50 PM       | Bruce Ln.                 | 5.00                    | 0.38              |
| 08-0155        | 113-Cooking fire, confined         | 04/19/08      | 6:03 PM       | Juniper St.               | 5.00                    | 0.58              |
| 08-0317        | 113-Cooking fire, confined         | 08/05/08      | 4:33 PM       | Nathaniel Circle          | 5.00                    | 2.37              |
| 08-0398        | 113-Cooking fire, confined         | 09/18/08      | 6:26 PM       | Grapevine Rd.             | 5.00                    | 2.16              |
| 08-0473        | 113-Cooking fire, confined         | 10/31/08      | 3:03 PM       | Arbor St.                 | 2.00                    | 0.19              |
| 08-0544        | 113-Cooking fire, confined         | 12/07/08      | 11:23 AM      | Puritan Rd.               | 5.00                    | 1.76              |
| 08-0550        | 113-Cooking fire, confined         | 12/10/08      | 6:09 PM       | Old Country Rd.           | 6.00                    | 0.19              |
| 08-0477        | 114-Chimney or flue fire, confined | 11/04/08      | 2:57 PM       | Batchelder Park           | 6.00                    | 1.03              |
| 08-0478        | 114-Chimney or flue fire, confined | 11/04/08      | 5:42 PM       | Batchelder Park           | 9.00                    | 1.03              |
| 08-0481        | 114-Chimney or flue fire, confined | 11/05/08      | 12:52 PM      | Batchelder Park           | 14.00                   | 1.03              |
| 08-0500        | 114-Chimney or flue fire, confined | 11/12/08      | 9:47 PM       | Cedar St.                 | 2.00                    | 0.77              |
| 08-0573        | 114-Chimney or flue fire, confined | 12/24/08      | 7:31 PM       | Batchelder Park           | 3.00                    | 1.03              |
| <b>Average</b> |                                    |               |               |                           | <b>5.43</b>             | <b>1.38</b>       |

Note: Street numbers have been omitted to protect residents' privacy.

The Hamilton facility also has a largely unfinished area on the second floor that is being converted gradually into a bunk area and kitchen where firefighters can eat and sleep in the event of a natural disaster or if the towns decide to move to a more full-time department in the future. Both the location and modern facilities of the Hamilton station make it the logical choice for a regional fire station.

A review of the activity of the two departments reveals that the environment within which they provide their services is quite similar. Both towns are well covered with fire hydrants and there are no significant topographical or natural features that might affect response times. Each town also has a college campus or theological seminary with some larger buildings up to five stories tall. Large estates with long driveways and vast areas of open space or conservation land are characteristics of each town. The majority of calls received by each department are medical calls with relatively few calls for actual structure fires.

The two towns are also similar in the level of service currently offered. Each town has a limited staff presence at the fire station on weekdays and relies on call firefighters to respond to incidents on evening, nights and weekends. If, for example, one town provided for a full-time department and the other was strictly a call department, regionalizing is less likely to work. The town with a call department would face a significant increase in costs when moving to a full time department.

Though call departments are much less expensive than full-time departments, response time during certain times may suffer with a call department. It is also hard to know with certainty how many firefighters will respond to a given call. The outside work responsibilities of call firefighters, their availability during daytime hours and summer vacation months and for calls occurring at otherwise awkward times can affect the number of responders. These factors can also impact how long it takes to assemble the necessary number of firefighters to safely fight a fire or respond to a medical or rescue call.

With relatively few full-time employees, comparability of salaries and benefits between towns is less of an issue. Both fire chiefs and the Wenham fire inspector are compensated based on personal service contracts and the three full-time firefighters in Hamilton are unionized, but they have yet to agree to a contract.

### Determining Staff Coverage

Using a similar method to the one we used to determine available work hours for police officers, we have estimated available work hours for firefighters. A full-time firefighter has a total of 2,080 possible work hours (40 hours X 52 weeks = 2,080 hours). We calculated leave or non-available work hours using the following estimates: vacation at four weeks, sick/injury/personal at two weeks, holidays at eleven days and miscellaneous meeting and training time at two weeks. The net available work hours for a full-time firefighter then are: 2,080 total hours minus 408 leave hours equals 1,672 available hours.

Next, we look at how many hours per day a regional department might be able to staff the fire station with a full-time presence. Since the coverage should be at least as good as the towns currently enjoy, we look first to see if it is possible to provide more coverage with a regional department. To staff a regional station with two firefighters from 6AM through 8PM on Monday through Friday would provide additional coverage in each town, particularly in Wenham where call firefighters cover more hours. Hamilton currently goes to call response after 6PM on weekdays.

Covering the station for fourteen hours per day Monday through Friday for a full year yields a total of 3,640 hours (14 hours X 5 days X 52 weeks = 3,640). To staff a regional fire station with two firefighters for this period all year requires 7,280 total staff hours. Using only existing staff and their current work hours, available staff hours total 9,512 or more than enough to provide two firefighters from 6AM to 8PM Monday through Friday. Additional hours could be devoted to fire inspections and educational programs or possibly to supplement the number of hours of station coverage.

The rationale for expanding coverage beyond existing parameters until 8PM is that statistically most structure fires occur between the hours of 5PM and 8PM (see chart of Building Fires by Hour). Currently, Wenham has only call coverage after 5PM on weekdays and Hamilton has only one firefighter at the station from 5PM to 6PM on most weekdays. Since cooking is the primary cause of structure fires, they happen most often around the dinner hour. Civilian injuries also happen most frequently during cooking fires when people attempt to put out the fire themselves.

Although call firefighters are generally able to respond quickly during these hours, having a full-time presence at the station will get the equipment to the scene more quickly during these peak hours for structure fires. On weekends, the station could continue to be covered by call firefighters, though for the reasons cited above, it probably makes sense to extend the coverage through the dinner hours.

Scheduling staff coverage at the regional station with a relatively small staff of six will require some flexibility to accommodate the extra couple of hours of coverage in the evening. However, this is probably an opportune time to consider this change as the Hamilton firefighters have yet to settle a contract with the town.

## **EMS Services**

Opportunities exist, as well, to provide some or all Emergency Medical Services (EMS) through a regional fire department. Of the six full-time staff members in a regional department, five possess active certification at the Emergency Medical Technician – Basic level. Wenham owns a rescue truck that is equipped with the same supplies and equipment as a basic life support ambulance and contains other rescue equipment and tools such as the “jaws of life.” The rescue

truck is used to respond to medical/rescue calls, but is not used to transport patients. Hamilton owns two ambulances, one of which was recently purchased for \$135,000.

Past practice in Hamilton was to have the police respond to medical calls with an ambulance and provide basic life support level transport when necessary. This presented obvious coverage issues when only two officers might be working on a given night shift and both could potentially have to leave town to transport a patient to the hospital. Providing EMS services through the fire department may be a better fit as serious fires are infrequent and additional resources can be assembled quickly, if needed, through the call force.

The police department(s) will continue to provide first responder services as they are best positioned to arrive first in many cases due to their mobility and regular patrol activity. The fact that many of the police officers are also certified as EMTs will continue to be a positive attribute in the delivery of first responder medical services. However, if the decision is made to have a regional fire department provide EMS services then the fire department would assume command of the medical call scene upon arrival.

We understand that the town of Hamilton has engaged a consultant to study how to best provide ambulance services. As this study is still in process, we will not comment extensively on how ambulance services should be provided. Nonetheless, the towns own the appropriate rescue and basic life support ambulance equipment and many firefighters possess certification at the EMT-Basic level such that providing at least some ambulance services through a regional department may be a viable option. Ambulance billing to third party insurers and patients could be a source of revenue for a regional fire department.

Each town currently relies on a private firm (Lyons Ambulance Service) for both basic life support ambulance needs and when a given situation warrants an “advanced life support” ambulance. Therefore, all cases where transport is required are now handled by the private ambulance service. It is our understanding that the private service deploys at least one EMT-Paramedic on each call who is trained to provide emergency care to acutely ill or injured patients en route to the hospital.

Of course, a deciding factor when making initial decisions concerning whether to provide ambulance transport services with a regional department is the level of medical training and experience of the responders. In this case, it will be necessary to conduct an evaluation of the level of medical certification available at the fire department compared with the private ambulance firm. Even with routine calls, the medical outcome may be affected by issues such as imperfect, incomplete or inaccurate information conveyed to the dispatcher or an unforeseen deterioration of a patient’s condition during the response. In these cases, a higher level of medical training can make a difference.

If ambulance transport is to be done with a combination full-time/call fire department, needed is an ongoing, focused departmental effort to provide medical oversight and quality assurance, advance the level of medical training and encourage the pursuit of advanced level EMT certifications. In fact, NFPA standards call for a medical director to oversee and ensure

quality medical care in departments that seek to provide higher level medical services such as advanced life support.<sup>5</sup>

For example, the EMT-Paramedic has advanced emergency training acquired through extensive classroom lectures and demonstrations, clinical in-hospital, supervised training and a field internship with supervised experience on an intensive care vehicle. Typically, the requirements to secure this designation amount to at least 1,000 hours of training, allowing the Paramedic to offer more acute care such as defibrillation and cardiac monitoring, intravenous therapy, advanced airway management and administering medicine.<sup>6</sup>

Though many of the current fire personnel have worked hard to attain their medical credentials and experience, as far as we know, none have medical training beyond the EMT-Basic level. The EMT-Basic level involves at least 110 hours of training and allows providers to administer oxygen, splint, bandage and conduct basic patient assessments.<sup>7</sup> That's not to say that with a regional department more emphasis couldn't be placed on attaining the higher level EMT designations. However, these higher designations may be difficult for on-call staff to attain and maintain given the competing needs of their full-time jobs and the necessary time commitment and the field work involved with pursuing advanced medical training.

Though the towns would forego potential additional revenues that they might realize if they provided these services locally, the trade-off is that highly skilled medical personnel will be transporting and treating patients en route to the hospital. Paramedics that work for private ambulance firms respond to numerous calls and have valuable experience in life-threatening situations that is acquired through full-time, active participation in many medical emergencies.

So while having firefighters trained at the EMT-Basic level may be sufficient in most cases, it may not be the optimum level of training needed in severe cases.

### Deploying the Call Staff

With a largely call fire department, the number of staff that respond to a particular situation is not certain. For example, when a medical call is received in Wenham, the call goes to all eighteen on-call members of the department's medical team. In many of these cases, most of the medical team will respond despite the fact that there may only be the need for two or three responders. Deploying up to eighteen members of the medical team may be needed on limited occasions, but in most cases where only one patient is involved, the extra personnel is not necessary.

The above example raises issues regarding how call firefighters might be deployed more efficiently, particularly during medical calls. If the towns decide to move to a regional fire

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<sup>5</sup> National Fire Protection Association, *NFPA 1720 Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations and Special Operations (2004 edition)*, Chapter 4.8.6.3, Quincy, MA.

<sup>6</sup> Fire Chief David B. Fulmer et al., *We're Here For Life, The Orange Ribbon Report, Leading and Managing EMS in Volunteer and Combination Fire Departments*, International Association of Fire Chiefs, December 2008.

<sup>7</sup> Fulmer et al., *Leading and Managing EMS in Volunteer and Combination Fire Departments*, December 2008.

department where fire personnel respond to EMS calls, it makes sense to limit the number of EMTs that are called. The problem, however, is that under current operating procedures, if a limited number are called, there is no way to know if a sufficient number will respond.

One possibility is to have several medical teams each consisting of three or four firefighters with EMT training. With a regional department there should be enough firefighters with EMT training to support four medical teams, with each team balanced based on levels of skill, experience and proximity to the station. Each medical team could be on-call one week a month to respond to medical calls that occur after hours and on weekends when the full-time staff is not available (8PM to 6AM). In all of 2008, the Wenham fire department responded to fifty-three medical calls that occurred during the 8PM to 6AM hours (See Appendix J).

This will require a commitment from each medical team member that they will respond to all medical calls during their week on call, but will not have to respond at all to these calls during the other three weeks of the month. In exchange for this guarantee of availability, the department might agree to pay them a moderate amount for this commitment. Though this may not save money, it allows the regional department to respond to medical calls in a more focused, measured manner with numbers more commensurate with the situation. Responders will know that, except in the instance of a fire, they will not be called for medical responses the other three weeks.

### Conclusion - Police, Fire and EMS

Given that each town currently operates a hybrid full-time/on-call fire department, it's not likely that a full-time regional department will soon emerge in this fiscal climate. Although a regional department may not save the towns much money, with combined full-time staffing of six; it offers the potential to provide additional coverage at the station during the periods when most fires occur. A higher level of service is attractive at first glance, yet issues may arise in how costs are allocated and the resulting financial impact on each town.

Assuming the two fire budgets are simply added together (except Wenham station maintenance costs of \$30,705) to determine a regional budget, there will be a cost shift from Wenham to Hamilton with most allocation methods since Wenham spends more per capita. For example, using the assessed value method the towns currently employ for other services, results in a net savings of \$123,368 to Wenham and an additional cost of \$92,663 to Hamilton.

Including indirect costs such as the fire portion of the debt service for the Hamilton public safety facility in the regional budget changes the outcome. Wenham contributes another \$96,946 toward the Hamilton public safety facility debt service, thus reducing the costs to Hamilton. When operating expenses for the fire facility are included (\$42,195) and allocated to Wenham, it shifts another \$15,085 in costs to Wenham further eliminating the disparity. However, allocating the debt service for the recently purchased Wenham fire trucks among the two towns produces cost savings in Wenham and increases costs in Hamilton.

Due to the absence of substantial cost savings in this case, the table below shows that the allocated regional fire costs are similar, though not identical, to current costs. The differences in how these impacts fall on each town will need to be weighed against the service benefits of a regional department. The potential to provide more full-time coverage at the station, equip a modern fire facility with newer fire trucks and deploy the call force more efficiently makes a regional department a practical option in this case.

Although significant savings on the operating budget are not expected with a regional fire department, future savings may surface on fire trucks and other equipment. Initial impressions are that both departments are well equipped with trucks, as each town has to be prepared independently for a worst-case situation. As outlined earlier, fortunately these incidents occur infrequently and not all of these vehicles will be necessary with a regional department.

### Comparison of Current Versus Regional Fire Costs

|  | Hamilton         | Wenham           | Total              | Regional           | Savings         |
|--|------------------|------------------|--------------------|--------------------|-----------------|
| <b><u>Direct Appropriations</u></b>            |                  |                  |                    |                    |                 |
| Salaries & Training                            | \$459,063        | \$327,988        | \$787,051          | \$787,051          | \$0             |
| Expenses **                                    | \$50,000         | \$134,828        | \$184,828          | \$154,123          | \$30,705        |
| Shared Lease/capital/other                     | \$49,667         | \$23,000         | \$72,667           | \$72,667           | \$0             |
| <b>Direct Sub-total</b>                        | <b>\$558,730</b> | <b>\$485,816</b> | <b>\$1,044,546</b> | <b>\$1,013,841</b> | <b>\$30,705</b> |
| <b><u>Indirect Appropriations</u></b>          |                  |                  |                    |                    |                 |
| Building Expenses                              | \$42,195         | \$0              | \$42,195           | \$42,195           |                 |
| Building Debt Service                          | \$271,179        | \$0              | \$271,179          | \$271,179          |                 |
| Fire truck Debt Service                        | \$0              | \$96,233         | \$96,233           | \$96,233           |                 |
| <b>Indirect Sub-total</b>                      | <b>\$313,374</b> | <b>\$96,233</b>  | <b>\$409,607</b>   | <b>\$409,607</b>   |                 |
| <b>Total</b>                                   | <b>\$872,104</b> | <b>\$582,049</b> | <b>\$1,454,153</b> | <b>\$1,423,448</b> |                 |
| Allocation Percent<br>(3 yrs. Assessed Values) | 64.25%           | 35.75%           |                    |                    |                 |
| Regional Allocation                            | \$914,565        | \$508,883        | \$1,423,448        |                    |                 |
| Wenham Building Costs **                       |                  | \$0              | \$0                |                    |                 |
| <b>Total Regional Costs</b>                    | <b>\$914,565</b> | <b>\$508,883</b> | <b>\$1,423,448</b> |                    |                 |
| <b>Projected Savings</b>                       | <b>-\$42,461</b> | <b>\$73,166</b>  | <b>\$30,705</b>    |                    | <b>\$30,705</b> |

\*\* Wenham fire station expenses (\$30,705) remain with Wenham, but are not associated with fire services.

Finally, we think that issues will persist regarding how to attract and retain local citizens to serve as call firefighters. This is a particularly tough issue in Wenham where only six of the thirty-one members of the call force live in town (excluding the chief). Eventually, if current trends continue unabated, response times could be impacted as on-call staff needs to travel from other area towns to the station or location of the incident.



## Other Town Departments

Theoretically, under current enabling state legislation, two or more towns could consolidate virtually all town services up to and including finance officers and town administrators. Each community would preserve its individual legal standing as a town and function within its existing boundaries so long as it continued to operate under its own charter, if any, in accordance with bylaws and with its own separate board of selectmen, town meeting, moderator and finance and advisory committee. Except as provided for in inter-municipal agreements, special legislation or General laws, each town would enjoy rights and be subject to obligations under contracts it individually entered. Neither would risk liability under legal actions brought against the other, except as relates to joint enterprises.

Among the departments or functions, there are practical considerations and legal consequences of a specific and general nature that would influence merger decisions:

- Will residents of one town be willing to travel to the other town to conduct business?
- Can a shared finance office become proficient in two financial management software applications?
- Is it practical or possible to maintain, in one office, the records of two individual towns?
- Will service levels decline when a full-time position is shared and serves part-time in each town?
- Are there functions that are more easily fulfilled if performed in each town?

With these factors in mind, we completed an analysis assuming the towns chose to maximize consolidation opportunities as a group at the same time. In addition to the selectmen, moderator and finance and advisory committees, other departments, functions, expenditures and positions were left to operate under each separate government because of legal responsibilities or the inherently local nature of the subject matter. Among remaining government offices, we identify those appear to be good consolidation candidates. Later, we discuss but disregard those that would not operate well if shared between two separate towns.

Other Departments with Projected Savings – The chart below shows line-items, drawn from the Hamilton and Wenham FY2009 budgets, for departments and functions which we regard as viable candidates for a merger, together with the projected operating costs and savings, if any. Police, fire and emergency services are included to illustrate overall financial impacts, but are not discussed.

Viewed collectively, the indicated overall operating cost savings is estimated to be \$722,712. A key benefit to this scenario is the continuation of the Hamilton-Wenham Regional School District and retention of the \$548,185 in regional school transportation aid from the state.

| <b>Enhanced Regionalization</b>    | <b>Hamilton</b>  | <b>Wenham</b>    | <b>Combined</b>  | <b>As Merged</b> | <b>Savings</b>  |
|------------------------------------|------------------|------------------|------------------|------------------|-----------------|
| Police                             | 1,397,641        | 1,095,933        | 2,493,574        | 1,979,435        | -514,139        |
| Water Enterprise (excl water debt) | 564,955          | 347,598          | 912,553          | 813,732          | -98,821         |
| DPW-Hwy-Parks-Cemetery             | 885,550          | 806,136          | 1,691,686        | 1,642,653        | -49,033         |
| Fire                               | 558,730          | 485,816          | 1,044,546        | 1,013,841        | -30,705         |
| Conservation Commission            | 27,020           | 25,724           | 52,744           | 30,778           | -21,966         |
| Animal Control                     | 11,400           | 13,731           | 25,131           | 18,750           | -6,381          |
| Planning Board                     | 37,618           | 2,045            | 39,663           | 38,118           | -1,545          |
| Board of Health                    | 97,191           | 24,450           | 121,641          | 121,520          | -121            |
| <b>Totals</b>                      | <b>3,580,105</b> | <b>2,801,433</b> | <b>6,381,538</b> | <b>5,658,826</b> | <b>-722,712</b> |

Public Works – In most towns, public works can include highway, parks, forestry, cemetery, facilities as well as water and sewer-related departments. When these services are consolidated, public works is one of the larger municipal departments and provides common ground where the interests of two or more towns converge. Opportunities for cost savings and to create a more efficient operation arise from an enhanced capacity to marshal resources of personnel, equipment, vehicles, facilities, and to complete capital projects with in-house resources.

Public works managers in Hamilton and Wenham have begun to explore potential areas of collaboration. Through their efforts, the towns are poised to enter into an agreement to share a facilities director who would report to both DPW managers and oversee the maintenance and repair of public buildings, including schools, in both communities. It is envisioned that, over time, he or she would be a catalyst for long-term capital planning with an eye toward joining the two towns in major construction projects that would serve mutual needs. The facilities director might also function as a project manager in these circumstances.

We believe that sharing a higher level position, such as a facilities director, can work to the benefit of two independent public works departments and both communities. A mutual aid type of agreement relative to manpower and equipment could also be beneficial. We are less certain that an equally positive result will occur if two separate departments, each serving its own constituency, attempt to share equipment, machinery or vehicles.

At a glance, it appears that eliminating some of the duplication on the two towns' inventory list of DPW vehicles and equipment could generate some sale proceeds and save money in the future. And, with cooperation, a scheduling system could possibly be devised to accommodate each town's plan for routine work. However, critical is a determination of whether a reduction of vehicles and equipment will impact the ability of each DPW to meet local demands, which will not diminish. The ability to share vehicles, machinery and equipment will also be tested when unforeseen needs arise and, particularly, when both towns are exposed to the same emergency conditions (i.e., storms).

Therefore, rather than operate within a structure where separate departments attempt to share resources, a DPW collaboration might work better if a single, merged department were

formed to serve the two towns. Although two communities and two sets of constituents would remain, one department and one management structure would be better able to allocate resources across the geography of two towns and to meet the demands of expectant residents. As in other arrangements, one town would act as the host community for budget purposes. Where the work of, and the lack of attention by, a DPW are highly visible, establishing lines of accountability and a fair means to measure the use and allocation of resources is important.

In our analysis, a merged DPW would also be a consolidated department. As already exists in Hamilton, the DPW would include highway, parks and cemetery programs and workers. Water operations could also be part of the department, but for our present purposes, it remains separate. By our analysis, merging DPW departments would provide initial overall estimated savings of \$49,033 annually.

The amount is less than might be expected primarily because an assistant director is added, where neither department has one now. Because the skill sets of the two current DPW directors complement each other and would be valuable to a fully functioning department, a place for both is secured. The volume of DPW work also justifies the retention of most other personnel.

Water Enterprise – For the purpose of this analysis, the water operations in each town are viewed separately from the DPW. It is common, however, for a water operation to be part of a consolidated DPW, even when it functions as an enterprise fund.

Although we present an analysis of merged water departments, there are significant distinctions between the two operations that may be cause enough to keep them separate. Departments in each town manage, maintain and repair a water distribution system. When trenching work or other infrastructure projects are planned, the Hamilton department tends to perform the work in house, while in Wenham, they contract out for the work. Hamilton draws its water from underground sources and runs it through a treatment plant where the water is filtered and chemicals are added. In Wenham, water is extracted from the ground, treated and moved directly into the distribution system. As a result, the complexity of operations varies and the personnel demands differ in the two water departments. In Wenham, a separately elected board of water commissioners oversees operations, while in Hamilton the function is fulfilled by the board of selectmen.

The indicated savings in our water department consolidation analysis is \$98,821, which is attributable to personnel reductions in a merged department.

Planning Director – Hamilton funds a planning coordinator position in its FY2009 budget which is currently unoccupied. Wenham provides an expense budget for its planning board only. However, the towns are considering whether it makes sense to share a planning director position. The overall cost savings are potentially small and Hamilton would realize a greater financial gain, but this is an instance where the service level might increase for both communities. With major development projects on the horizon, benefits may be derived from a planner who has a two town perspective.

Board of Health – Although projected savings through the merger of boards of health is nominal at best (\$121), there are other benefits to combining health agent positions, and even boards of health. Most often mentioned is by the sharing costs, the towns can take greater advantage of training opportunities in what is regarded as an important public health and safety mission. The expense for often valuable and costly equipment can also be shared. The recent enactment of General Law encouraging the regionalization of public health services among towns demonstrates state level priority in this area of government.

Conservation Commission and Animal Control – Among the remaining departments that receive a salary, expense or stipend appropriation in the FY2009 budgets of Hamilton and Wenham, Conservation Commission and Animal Control warrant consolidation consideration. These are and would be expected to remain part-time positions even though the resulting responsibilities and volume of work would be greater than is presently the case for each individual. This may require higher compensation which would offset savings.

### Cost Allocation

The indicated total cost savings if all departments and functions were merged is estimated to be \$722,712. However, a potential consolidation may or may not have appeal depending on how the financial and other benefits are allocated between or realized by the two towns. The outcome is largely influenced by the allocation ratio applied.

| <b>Enhanced Regionalization</b>    | <b>Hamilton</b>  | <b>Wenham</b>    | <b>Combined</b>  | <b>As Merged</b> | <b>Savings</b>  |
|------------------------------------|------------------|------------------|------------------|------------------|-----------------|
| Police                             | 1,397,641        | 1,095,933        | 2,493,574        | 1,979,435        | -514,139        |
| Water Enterprise (excl water debt) | 564,955          | 347,598          | 912,553          | 813,732          | -98,821         |
| DPW-Hwy-Parks-Cemetery             | 885,550          | 806,136          | 1,691,686        | 1,642,653        | -49,033         |
| Fire                               | 558,730          | 485,816          | 1,044,546        | 1,013,841        | -30,705         |
| Conservation Commission            | 27,020           | 25,724           | 52,744           | 30,778           | -21,966         |
| Animal Control                     | 11,400           | 13,731           | 25,131           | 18,750           | -6,381          |
| Planning Board                     | 37,618           | 2,045            | 39,663           | 38,118           | -1,545          |
| Board of Health                    | 97,191           | 24,450           | 121,641          | 121,520          | -121            |
| <b>Totals</b>                      | <b>3,580,105</b> | <b>2,801,433</b> | <b>6,381,538</b> | <b>5,658,826</b> | <b>-722,712</b> |

Under a so-called full regionalization scenario, we would assume that action to consolidate all the listed departments or functions would occur at the same time. Alternatively, consolidations could happen incrementally over time but in accordance with an agreed upon schedule.

If the operating costs for the merged department are allocated using the towns' previously applied methodology (based on relative assessed values), far greater cost savings would accrue to the Town of Wenham. It would benefit from \$778,403 in lower costs, while it would cost the Town of Hamilton \$55,691 more.

If the towns chose to divide the total operating cost of a merged department equally, a reversal occurs. Virtually all savings would migrate to Hamilton in the amount of \$750,692 and Wenham would face a minor expense increase of \$27,980.

Balance is achieved if a 57:43 Hamilton-Wenham cost allocation ratio is applied. In this instance, savings to Hamilton would be \$354,574 and savings to Wenham would be \$368,138.

### Cost Allocation Analysis

| Enhanced Regionalization           | Budget<br>As Merged | Hamilton<br>0.6425 | Wenham<br>0.3575 | Impact on:<br>Hamilton | Wenham          |
|------------------------------------|---------------------|--------------------|------------------|------------------------|-----------------|
| Police                             | 1,979,435           | 1,271,787          | 707,648          | -125,854               | -388,285        |
| Water Enterprise (excl water debt) | 813,732             | 522,823            | 290,909          | -42,132                | -56,689         |
| DPW-Hwy-Parks-Cemetery             | 1,642,653           | 1,055,404          | 587,248          | 169,854                | -218,888        |
| Fire                               | 1,013,841           | 651,393            | 362,448          | 92,663                 | -123,368        |
| Conservation Commission            | 30,778              | 19,775             | 11,003           | -7,245                 | -14,721         |
| Animal Control                     | 18,750              | 12,047             | 6,703            | 647                    | -7,028          |
| Planning Board                     | 38,118              | 24,491             | 13,627           | -13,127                | 11,582          |
| Board of Health                    | 121,520             | 78,077             | 43,443           | -19,114                | 18,993          |
| <b>Totals</b>                      | <b>5,658,826</b>    | <b>3,635,796</b>   | <b>2,023,031</b> | <b>55,691</b>          | <b>-778,403</b> |

| Enhanced Regionalization           | Budget<br>As Merged | Hamilton<br>0.50 | Wenham<br>0.50   | Impact on:<br>Hamilton | Wenham        |
|------------------------------------|---------------------|------------------|------------------|------------------------|---------------|
| Police                             | 1,979,435           | 989,718          | 989,718          | -407,924               | -106,216      |
| Water Enterprise (excl water debt) | 813,732             | 406,866          | 406,866          | -158,089               | 59,268        |
| DPW-Hwy-Parks-Cemetery             | 1,642,653           | 821,326          | 821,326          | -64,224                | 15,190        |
| Fire                               | 1,013,841           | 506,921          | 506,921          | -51,810                | 21,105        |
| Conservation Commission            | 30,778              | 15,389           | 15,389           | -11,631                | -10,335       |
| Animal Control                     | 18,750              | 9,375            | 9,375            | -2,025                 | -4,356        |
| Planning Board                     | 38,118              | 19,059           | 19,059           | -18,559                | 17,014        |
| Board of Health                    | 121,520             | 60,760           | 60,760           | -36,431                | 36,310        |
| <b>Totals</b>                      | <b>5,658,826</b>    | <b>2,829,414</b> | <b>2,829,414</b> | <b>-750,692</b>        | <b>27,980</b> |

| Enhanced Regionalization           | Budget<br>As Merged | Hamilton<br>0.57 | Wenham<br>0.43   | Impact on:<br>Hamilton | Wenham          |
|------------------------------------|---------------------|------------------|------------------|------------------------|-----------------|
| Police                             | 1,979,435           | 1,128,278        | 851,157          | -269,363               | -244,776        |
| Water Enterprise (excl water debt) | 813,732             | 463,827          | 349,905          | -101,128               | 2,307           |
| DPW-Hwy-Parks-Cemetery             | 1,642,653           | 936,312          | 706,341          | 50,762                 | -99,795         |
| Fire                               | 1,013,841           | 577,889          | 435,952          | 19,159                 | -49,864         |
| Conservation Commission            | 30,778              | 17,543           | 13,234           | -9,477                 | -12,490         |
| Animal Control                     | 18,750              | 10,688           | 8,063            | -713                   | -5,669          |
| Planning Board                     | 38,118              | 21,727           | 16,391           | -15,891                | 14,346          |
| Board of Health                    | 121,520             | 69,266           | 52,254           | -27,925                | 27,804          |
| <b>Totals</b>                      | <b>5,658,826</b>    | <b>3,225,532</b> | <b>2,433,296</b> | <b>-354,574</b>        | <b>-368,138</b> |

It would be an inspired approach to enter an inter-municipal agreement to implement a forward looking consolidation plan for specified municipal departments and functions. It is more likely that all the possible merger opportunities would be considered on a case by case basis. However, if the 64.25 percent-to-35.75 percent allocation ratio were applied to every merger situation, the result would not be long-term financial balance. A forward looking all-inclusive plan could be conceived to create a wider range of benefits for both towns.

Other challenges are also present. As demonstrated, agreements to consolidate positions must provide for an equitable means to allocate salaries, benefits and other costs between communities. Each participating town must be satisfied that a balance of rights, obligations and benefits exists. Issues of control, performance and accountability must be adequately addressed to ensure, among other things, that financial controls are not weakened. And, a plan to consolidate should be careful not to add layers of bureaucracy to government. These and many other issues are best addressed in inter-municipal agreements.

Not accounted for in our analyses is the value of any contributed capital asset to the merger. Costs, if any, associated with balancing employee compensation packages under collective bargaining agreements are not projected. Administrative fees are not assigned, nor do we resolve how the host town would handle OPEB liabilities. Finally, transition costs may arise.

The discussion below focuses on departments, functions and positions that were deemed to be lacking in consolidation potential either for practical, service related or financial reasons.

Finance Related Offices – Finance-related offices include the town accountant, treasurer, collector and chief or principal assessor. Hamilton and Wenham each have individuals who fulfill these functions on a day-to-day basis suggesting that consolidating offices could result in payroll savings. In general, there is no inherent reason why finance-related positions or functions cannot be consolidated between or among communities in order to share costs, or contracted out at a cost savings.

However, critical to an assessment of costs and benefits of any shared arrangement is an understanding that the volume of work will not diminish. Because the towns would remain as two separate legal entities, shared finance-related departments would have to maintain two sets of records on two different financial management software systems. Submissions to DOR, other state and federal agencies would have to be replicated as well. As a consequence, for shared personnel, workloads would increase. From another perspective, each is now expected to fulfill, in part-time hours, the job that previously required a full-time effort.

Although, under a full merger scenario we projected overall savings \$185,583 in the finance department, it was associated with the elimination of almost four full positions. We do not see that opportunity here.

Town Clerk – The town clerk's office is one where records are maintained and services are provided to the walk-in public. Consequently, we see value in staffing an office of the clerk in each town hall. We also concluded that one person could fulfill the responsibilities assigned to the town clerk position for both towns. However, since in Wenham, the clerk is a one-person

department, office coverage would suffer if she were moved to part-time status there. Adding a new administrative position would add costs which would offset projected savings. For instance, assuming that the \$45,766 town clerk position was eliminated in Wenham and a 30-hour administrative clerk was added at \$35,000, apparent savings would be \$10,766. However, the savings would be reduced by Wenham's contribution to the cost of a shared town clerk with a likely salary of \$56,670, which is more than it currently pays its clerk (\$45,766). On balance, sharing a town clerk does not appear worthwhile.

**Inspectional Services** – Hamilton budgets stipends and expenses in a consolidated inspectional services department for the part-time building, electrical and plumbing/gas inspectors together with an assistant in each area, and for a sealer of weights and measures. There is also a salary for full-time administrative assistant. Wenham budgets stipends and expenses separately for inspectors. The town employs only an assistant building inspector and sets out a stipend for a part-time tree warden/pest control position. A permitting officer, whose duties are primarily related to inspectional services, is paid out of the town hall budget. In fact, both towns employ the same persons as building, electrical and plumbing/gas inspectors.

The permitting history of the two towns is shown below.

| Permits        | Hamilton |      |      |      | Wenham. |      |      |      |
|----------------|----------|------|------|------|---------|------|------|------|
|                | 2006     | 2007 | 2008 | Avg. | 2006    | 2007 | 2008 | Avg. |
| Building       | 282      | 279  | 289  | 283  | 169     | 179  | 158  | 169  |
| Electrical     | 225      | 213  | 200  | 213  | 129     | 150  | 134  | 138  |
| Plumbing & Gas | 259      | 260  | 245  | 255  | 160     | 215  | 130  | 168  |

If the two town's inspectional services departments were consolidated, we would expect the building, plumbing/gas and electrical inspectors to continue as part-time employees. Because the same people serve as inspectors in both Hamilton and Wenham, the ability of one person to carry the workload of the two towns is not at issue. Salaries in the merged town reflect the budgeted amounts in the individual towns added together. Part-time assistant inspectors would be funded. In Hamilton, support is provided by an administrative assistant in the inspectional services department. In Wenham, a permitting officer funded in the town hall budget provides administrative support to inspectors.

By our analysis, there is no financial incentive to merge the two town's inspectional services operations. There might even be a cost increase. If the towns determine that a higher level of service can be achieved or that greater efficiencies can be gained, consolidation may be worth exploring.

**Other Paid Departments, Boards, and Functions** – Among the remaining departments, boards and functions that receive a salary, expense or stipend appropriation in the FY2009 budgets of Hamilton and Wenham, we see few consolidation opportunities. In some instances, merging is not feasible. Each town is required to elect a moderator, board of selectmen and to form a finance and advisory committee, all of whom fulfill a critical role in local government. We can envision one town clerk for both communities, but because the towns remain separate,

full staff in each office would be required to handle pedestrian traffic. The elections and voter registration function would fall into this category as well.

Zoning boards of appeal operate in a town specific manner and with relatively small budgets. It seems counter-productive to expect a single board to function as the permit granting authority for two towns under two sets of zoning bylaws.

Expenditures for town counsel, annual audits, debt service, retirement contributions, group insurance, FICA/Medicare/Unemployment contributions, general property and casualty insurance and street lights are driven by factors which would be virtually unaffected by ad hoc consolidations or economies of scale.

Departments with No Projected Savings – By our estimate, the departments and functions in the next chart offer no potential for dollar savings were they to be merged. We would expect positions to remain part-time even though the resulting responsibilities and volume of work would be greater than is presently the case for each individual. We would direct greater attention to the non-monetary benefits of merging these types of positions. Efficiencies may be gained. By sharing costs, opportunities for training or continuing education will increase, and the towns will be served by more qualified and competent employees. These benefits, less visible immediately, are likely to be realized over the long-term.

| <b>Enhanced Regionalization</b> | <b>Hamilton</b> | <b>Wenham</b> | <b>As Merged</b> | <b>Difference</b> | <b>Savings</b> |
|---------------------------------|-----------------|---------------|------------------|-------------------|----------------|
| Veterans Benefits               | 28,156          | 17,632        | 45,788           | 45,788            | 0              |
| Information Technology          | 76,300          | 75,340        | 151,640          | 151,640           | 0              |
| Public Safety Building          | 84,390          |               | 84,390           | 84,390            | 0              |
| Emergency Management            | 3,250           | 1,500         | 4,750            | 4,750             | 0              |
| Ambulance                       | 35,000          | 48,980        | 83,980           | 83,980            | 0              |
| Council on Aging                | 10,380          | 20,367        | 30,747           | 30,747            | 0              |

Information Technology (IT) – In regard to technology support, we believe Hamilton and Wenham would each benefit by sharing the cost of a salaried IT director, who would split his or her time between the towns. Currently, each contracts individually with the same consultant who lives in Arizona and is available by telephone. His contracts stipulate that he shall “arrange for remote site visits daily” and is obligated to spend no more than eight hours per month physically on site. When problems arise, he can log-in to each system remotely and resolve issues. If they cannot be resolved over the telephone or in his absence, the towns are directed to call on the IT director for the regional school district. Although, there would be little, if any, cost savings by diverting expense funding to replace a contracted service with a salaried position, increased accessibility to a highly qualified person who focuses on Hamilton and Wenham only, is likely to represent a service upgrade for both towns.

Rubbish Disposal - Not listed is contracting with the same vendor for rubbish disposal. A single contract for both towns may or may not produce savings. Generally, higher volumes lead to more advantageous disposal contracts, but without putting out a bid, conclusions would be



speculative. Rather than a departmental consolidation, this would be a joint purchasing opportunity.

### Conclusion

Our enhanced regionalization analysis focused on identifying opportunities for the Towns of Hamilton and Wenham to further share costs and consolidate services. We concluded that cost savings are possible in eight instances. In six other departments, we projected no dollar savings, but greater efficiencies and more effective operations may be attainable.

| Enhanced Regionalization           | Hamilton         | Wenham           | Total            |                  |                 |
|------------------------------------|------------------|------------------|------------------|------------------|-----------------|
|                                    |                  |                  | FY2009           | As Merged        | Savings*        |
| Police                             | 1,397,641        | 1,095,933        | 2,493,574        | 1,979,435        | -514,139        |
| Water Enterprise (excl water debt) | 564,955          | 347,598          | 912,553          | 813,732          | -98,821         |
| DPW-Hwy-Parks-Cemetery             | 885,550          | 806,136          | 1,691,686        | 1,642,653        | -49,033         |
| Fire                               | 558,730          | 485,816          | 1,044,546        | 1,013,841        | -30,705         |
| Conservation Commission            | 27,020           | 25,724           | 52,744           | 30,778           | -21,966         |
| Animal Control                     | 11,400           | 13,731           | 25,131           | 18,750           | -6,381          |
| Planning Board                     | 37,618           | 2,045            | 39,663           | 38,118           | -1,545          |
| Board of Health                    | 97,191           | 24,450           | 121,641          | 121,520          | -121            |
| <b>Totals</b>                      | <b>3,580,105</b> | <b>2,801,433</b> | <b>6,381,538</b> | <b>5,658,826</b> | <b>-722,712</b> |

| Enhanced Regionalization | Hamilton | Wenham | Total   |           |         |
|--------------------------|----------|--------|---------|-----------|---------|
|                          |          |        | FY2009  | As Merged | Savings |
| Veterans Benefits        | 28,156   | 17,632 | 45,788  | 45,788    | 0       |
| Technology               | 76,300   | 75,340 | 151,640 | 151,640   | 0       |
| Public Safety Building   | 84,390   |        | 84,390  | 84,390    | 0       |
| Emergency Management     | 3,250    | 1,500  | 4,750   | 4,750     | 0       |
| Ambulance                | 35,000   | 48,980 | 83,980  | 83,980    | 0       |
| Council on Aging         | 10,380   | 20,367 | 30,747  | 30,747    | 0       |

\* The Savings is the As Merged amount less the Hamilton and Wenham Total FY2009 amount.

Overall dollar savings will accrue to one or both communities depending on the relationship between an individual town's current spending level and its share of cost under an agreed upon cost sharing allocation ratio for a merged department, function or service. The methodology for allocating costs is critical to establishing equity whether merger opportunities are adopted all at once or incrementally over time. Financial balance can be further advanced by the thoughtful assignment of administrative charges, credit for the value of contributed capital assets, and to the allocation of transition costs, if any. There are also hidden costs that warrant attention. For instance, because towns accrue OPEB liabilities, they should monitor and manage

host responsibilities when costs are shared in order to ensure that employee counts and associated OPEB liabilities do not fall more heavily on one than the other over time.

In any event, inter-municipal agreements represent an effective means to set-out the rights and obligations of towns when costs and services are shared. Guidance to the content of agreements can be found in the Inter-Municipal Agreement Act at M.G.L. c 40, §4A.

In specific reference to police services, we have concluded that the concept of forming a regional police department represents a significant opportunity to save money and improve services in small and medium sized towns. In most cases, in-depth preliminary analysis is necessary to reach consensus on whether a favorable outcome is likely. The largest obstacle to successful implementation of a regional department in a unionized environment may be collective bargaining considerations. If these and other hurdles can be overcome, the consolidation of police services between Hamilton and Wenham would be a viable option.

The financial benefits of consolidating fire services are not as significant. However, the opportunities for service upgrades present a compelling argument in favor of merging these functions. Each town currently operates a hybrid full-time/on-call fire department, but with combined full-time staffing of six; a merger offers the potential to provide additional coverage at the station during the periods when most fires occur. The potential to provide more full-time coverage at the station, equip a modern fire facility with newer fire trucks and deploy the call force more efficiently makes a regional department a practical option in this case. Still, issues may arise related to how costs are allocated and how the financial impacts affect each town.

Opportunities exist, as well, to provide some or all Emergency Medical Services (EMS) through a regional fire department. Of the six full-time staff members in a regional department, five possess active certification at the Emergency Medical Technician – Basic level. Wenham owns a rescue truck that is equipped with the same supplies and equipment as a basic life support ambulance and contains other rescue equipment and tools such as the “jaws of life.” However, a study on how best to provide the ambulance service by the Town of Hamilton is underway. Therefore, we will not comment extensively on the subject other than to observe that the towns own the appropriate rescue and basic life support ambulance equipment and many firefighters possess EMT-Basic certification. In addition, ambulance billing to third party insurers and patients could be a source of revenue for a regional fire department.

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## Conditions Conducive to Consolidations and Mergers

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There are circumstances and events in government that create a favorable, or conducive, environment for consolidating services and sharing costs between or among towns. They can be manufactured but frequently appear during the normal course of governing and in the evolution of a community. More importantly, they can sometimes be anticipated and present an opportunity to plan.

Timing may be the most critical factor when towns are looking at the possible merger of services. An opportune time arises when:

- A vacancy occurs in a town position;
- Outside funding for a program is terminated, or another fiscal need arises;
- An opportunity to enhance a service presents itself;
- A new position is created or a new service or program is initiated;
- A major purchase of equipment or vehicles is under consideration;
- A major building construction project is planned; and/or
- Outside incentives are offered.

Significant, as well, is a receptiveness first among municipal leaders and then among residents to collaborate with a neighboring town. If predisposed in this way, opportunities will become evident. Initial discussions can take place in the normal course of communication. Issues can be explored in a deliberate, objective way.

Typically, a willingness to engage another community in talks about collaborations is influenced by the mutual belief that compatibility exists. Discussions are not likely to advance beyond initial stages unless local leaders and residents see connections or similarities with potential partners. Demographic make-up, government structure, spending practices and general like mindedness are among the areas where parallels can be drawn.

Ultimately, however, regionalization or consolidating services is about savings in the performance of government business. Communities can maximize their prospects for achieving this goal if they seek out potential merger partners with whom they have fiscal compatibility. Specifically, the closer that spending levels are aligned, the greater the opportunity to reach an equitable agreement and to balance the savings between or among partners.

Finally, communities can succeed only when legal means are in place to accomplish what they seek. The primary vehicle presently available is an inter-municipal agreement authorized under M.G.L. c. 40, §4A. The statute sets some rules, but also gives communities flexibility to reach agreement on the exchange of services and sharing of costs. Other General Laws provide the means to regionalize specific services. As a caution, in virtually all instances, the means does not exist to nullify or circumvent the terms and conditions of collective bargaining agreements.

On balance, we see many characteristics in common between the Towns of Hamilton and Wenham. Financial profiles, organizational structure, demographics, physical traits and land uses, etc., demonstrate similarities sufficient to help create a dynamic where the two towns can be natural partners in much of what local government does. Distinctions and variations in staff responsibilities, governmental practices, and collective bargaining agreements do exist but, from our perspective, they do not present insurmountable barriers to the prospects for further inter-municipal collaborations.

We recognize, as well, that there are local officials and residents who hold opposing opinions and have strong reservations whether the cultural divides they see between the towns can or should be bridged. Others question whether this is the right time to be discussing a closer-knit relationship between the towns. Some have a pessimistic view that actual cost savings can accrue, fairly, to each community through service consolidations or a full merger.

Nonetheless, since 1959, local officials have shown a willingness to explore possibilities for service consolidations. Each town's residents have in turn demonstrated their willingness to accept well-researched and well-supported cost sharing analyses and recommendations.

We expect the process to be on-going as common ground connecting the fiscal interests of Hamilton and Wenham continues to form. Ultimately, the individual merits of each proposal will determine whether it is accepted or rejected by residents.

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## Process to Achieve a Full Merger

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The Massachusetts General Court possesses sole authority to approve the creation of a new town, such as a combined Hamilton and Wenham. Historically, newly established towns have operated in accordance with rules set in state statutes which empower municipal action and set-out minimum responsibilities for officers and employees. To act in ways beyond the parameters of statutory authority, cities and towns had to petition the General Court by filing special acts.

With the passage of the state Home Rule Amendment in 1966, and companion language in M.G.L. c. 43B, municipalities were given broader authority, through the adoption of a charter, to define the structure and operation of local government to best suit the needs of citizens. Still, state law is pre-emptive and statutory language that speaks to a particular topic cannot be easily overcome or circumvented through local means.

Due to the force of pre-emption, certain provisions of state law remain as barriers to the consolidation of services between two or more communities and to the outright merger of towns. Local bylaws and personal service contracts can have the same effect. Where union members are impacted, collective bargaining agreements will present a barrier. Ultimately, without a grant of authority to act from the State Legislature and without resolution of wide-ranging local conflicts, municipalities cannot legally, or as a practical matter, functionally merge into one corporate entity.

In this context, a full merger of two existing towns, whether implementation is intended for a date certain in the immediate or distant future, will require a series of approvals over time by the boards of selectmen, town meetings, town voters and the State Legislature. The procedural building blocks for a new town will at least involve developing a new charter, forming transition committees and making decisions over time necessary to move from two towns into one.

Achieving these goals will require a rigorous planning period and layers of review, negotiation and agreement on the details of the new government structure, local procedures and the duties and responsibilities of personnel. Critical to the success of a merger is agreement with public employee unions through mandatory bargaining or new contract negotiation over what will clearly be changes to working conditions. Once accomplished, a newly merged town could rely on state statutes alone for guidance and to lawfully operate. However, to do so would likely leave unresolved many questions of legitimate concern to each town's residents. The framework for a new town is better embodied in a charter and in bylaws.

*Special Act Charter* – To begin the Special Act option, the two boards of selectmen, acting in concert, would appoint a single government study committee to produce a charter proposal for the new town. This would likely be an atypically large committee with a mix of members selected for the relevant knowledge and experience they bring forward. Over the course of specified time period, the committee would complete research, seek public input, determine content and draft a charter proposal for presentation to each town meeting, or to a two-

town, town meeting. The proposal should include language to guide the transition from two towns to a single community. Meeting separately or together, town meeting action to approve the charter proposal, if granted, would authorize the selectmen to file the charter as a Home Rule petition in the General Court. With its approval, the Legislature also authorizes the creation of the new town. Although the Home Rule charter requires state legislative approval and a town-wide vote, it can advance more quickly than the charter commission process.

*Charter Commission* – Under M.G.L. c.43B, §3, the process to form a charter commission is initiated when 15 percent of the voters petition the city council or board of selectmen to order a local ballot question on whether to adopt a new charter, or to revise or amend an existing charter. Once the petition and signatures are certified as valid, the city council or selectmen have 30 days to adopt the order and place the question on the ballot of the next regular election, which may not be within the ensuing 60 days.

When votes are cast on the question of forming a charter commission, additional votes are simultaneously cast to elect the nine commission members who qualify for nomination through the collection of voter signatures. If a majority of the voters approve the question, the top nine vote getters sit on the commission, which is directed by statute to hold its first public hearing within 45 days of the election. It must complete a preliminary report within 16 months, then publish and submit its preliminary report to the attorney general for an advisory opinion, and complete its final report within two additional months (or 18 months from the election). Charter commission recommendations are then placed before the voters for acceptance or rejection. If the commission has no recommendation, then no vote occurs.

Although the charter commission process involves no state approvals, the towns would still have to petition the General Court to create the new town.

There is no Massachusetts history of the charter commission process being used as a vehicle to merge two separate communities. However, we can envision how this process could work if charter commissions elected in each town, with the same mandate, met as one and otherwise followed the statutory procedures in their respective communities.

*Planning Year/Transition Committees* – Whether a charter commission or a Home Rule charter is pursued, other necessary steps will add significantly to the overall process and merger schedule. After each town meeting has accepted the charter proposal and while awaiting legislative approval, we envision a year of planning accomplished through various transition committees. These would be joint committees appointed by the selectmen and/or moderators in each town.

Although the general framework for the new government would be defined in the proposed charter, a vast range of issues must be addressed to meld two governments into one. The effort to fill in the details must be thorough and sufficient to answer resident questions, calm their concerns and inspire their support for a merger. As a practical matter, the planning committees must provide the roadmap that will lead to a fully functional municipal government.

Toward this end, one or multiple transition committees should be formed to review, reconcile and make recommendations on how best to plan and move from separate operations to a single town operation. Steps must be taken to ensure the continuity of government operations in terms of technology, personnel, general administration and financial management, including the development of a budget for the merged town. The process to draft new general government and zoning bylaws should begin. Legal issues will need sorting-out relative to the corporate merger of the two towns, i.e., defining the rights and obligations under pre-existing contracts and under anticipated agreements. These and other topics are discussed in the “Transition Issues” section of this report.

*Negotiation with Public Employee Unions* – The birth of a new town will signal the end of the individual towns of Hamilton and Wenham and the departments within them. The transformation could bring into question the status of the town’s obligations under collective bargaining agreements, of union organizations and the standing of union members. We are confident, however, that the merger of two towns, the restructuring of government and the relocation of workers will constitute changes in the terms and conditions of employment for municipal employees. A deviation from past practices would be similarly viewed, prompting union action. We are equally certain that collective bargaining agreements cannot be ignored, circumvented or superceded by unilateral town action.

If not addressed in the transition process, employee issues will stand as a barrier to a merger or department consolidations. Therefore, we view it as critical that local leaders begin meeting with union representatives from both towns early to negotiate terms of employment for all union members in the merged town. Although no single employer or single union will exist at the start, the talks should be treated as collective bargaining negotiations. The newly drafted charter can include succession language directing that existing collective bargaining agreements will remain in full force and effect until they are replaced in a formal process.

If agreements are beyond reach, resolution could be sought through the adjudicatory process at the State Division of Labor Relations, or through mediation services the division offers. Either process will likely be long. Both are adversarial in nature and involve costs.

*Transition Year* – With town meeting and General Court approvals of the charter, and with the completion of work by the transition committees, each town’s voters would decide the merger question, probably in a May election. If the merger is accepted, we anticipate a transition period to extend over the next 13 months to a start date on the next July 1 for the new government. Therefore, the May ballot would also include a choice of candidates for the inaugural - combined - board of selectmen, as well as the normal slate. Acceptance of the charter by voters would also establish the legislative authority of a joint town meeting over the two towns. For a full fiscal year, decisions would be made to advance the merger process. Among critical tasks would be reaching agreement on new collective bargaining contracts; overseeing technology and the conversion of data and records to selected software applications; and formulating a budget for the merged town.

*Timeline* – Below is a possible timeline that plots milestones in the merger of two towns. It outlines a tightly scheduled three-year process assuming the towns pursue the Special Act process. Under the charter commission statute, the timeline could be substantially similar.

### **Sample Merger Timeline**

|           |  |
|-----------|--|
| June 2009 | The boards of selectmen appoint a joint government study committee to draft a new charter for the merged town.   |
| May 2010  | The government study committee reports to town meetings. If the merger proposal is accepted, it is submitted for approval of the State Legislature as a Special Act. Joint transition committees are formed.   |
| May 2011  | With Legislative approval in-hand, the transition committees report. In the annual election, town voters act on the charter proposal, elect the usual town officials and cast votes for a slate of officers for the merged town. If the charter is approved, the new town is created as of July 1 and new officials preside. Transition plans are implemented. |
| May 2012  | A joint town meeting is called to approve a budget, bylaws and take other action necessary to the operation of the merged government.  |

*Hamilton and Wenham Boundaries* – In forming a merged town, the integrity of the Hamilton and Wenham boundaries could be retained or referred to informally through tradition, or more formally in charter language.

Other than statutorily authorized districts, which are permitted for certain limited purposes, no political subdivisions smaller than a town are legally recognized in Massachusetts. There are, however, many examples of places within cities and towns that are named and defined, either precisely or vaguely, by a physical boundary. They are referred to as districts, neighborhoods, sections, villages, etc. Often, the geographic area coincides with a single zip code. Prime examples are the 21 neighborhoods of Boston and the 13 villages of Newton. Others include Bondsville and Three Rivers in Palmer and the villages of Whitinsville, Linwood, Rockdale, Riverdale and Northbridge Center in Northbridge.

These places have no legal status outside the town or city in which they are located. Their residents possess rights and obligations no more or less than residents in any other part of the city or town. Town government is lawfully required to apply its laws, rules, regulations and impose taxes, excises, etc. with equal force and affect across the entire municipality.



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## Transition Issues

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There is no example in the past 100 years of Massachusetts history that precisely matches the Hamilton-Wenham merger scenario. Four towns (Dana, Prescott, Enfield and Greenwich) ceased to exist when the Quabbin Reservoir was created, but the last time two municipalities corporately merged was in 1911 when the City of Boston annexed the Town of Hyde Park. Although the term annexation suggests otherwise, the merger process then required voter approval in both communities. Still, the result was that Hyde Park was absorbed into a pre-existing city government which continued to function without legal or structural change due to the merger. The struggles to create new towns from Federal lands at Fort Devens and the South Weymouth Naval Air Station are unique efforts, but differ from a possible Hamilton and Wenham merger due to the absence of a pre-existing municipal government.

Initiatives to encourage or force the consolidation of smaller communities into larger entities have emerged in other states. Most relevant to Massachusetts are general laws in New Jersey<sup>8</sup>, Pennsylvania<sup>9</sup> and New York<sup>10</sup>.

Under the New Jersey law, the process starts with a ballot question authorized by initiative petition or by agreement of the local governing bodies. The potential merger partners separately vote to establish a joint municipal consolidation study commission and elect, at the same time, five commission members from each participating community. The New Jersey state department similar to our Division of Local Services assigns a representative to the commission who, within five months, must complete a report of fiscal findings for the local commission. The statute requires the commission to then complete its report in ten months. If it recommends consolidation, the statute specifies the parameters of the report content. The state has reduced state aid to towns with a population under 10,000 in order to move them toward mergers and has offered incentives in the form of grants. To date, no merger has occurred, but several pairs of towns are studying the issue.

The Pennsylvania Municipal Consolidation or Merger Act sets-out a similar process. A threshold decision to merge can be put forward by local government action or by initiative petition. Participating municipalities then address statutorily required issues in a joint agreement which is then placed before voters. With approval, a 7, 9 or 11 member commission is elected at the same time to draft a charter for presentation to the voters within nine months. Although transition issues are addressed early in the process, the new government is granted two years to develop a new code of laws. The state law also protects employees' tenure, civil service status, and rights under collective bargaining agreements.

The New York State Town and Village Laws, which provide for consolidations, encourage early informal discussions and initial studies by groups other than local government.

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<sup>8</sup> N.J.S.A. 40:43-65.35 et seq.; N.J.S.A. 40:43-66.78 et seq.; N.J.S.A 40A:65-25 et seq.

<sup>9</sup> 53 Pa. C.S. Chapter 7

<sup>10</sup> New York Town Law, Article 5-B; Village Law, Article 18.

Technical assistance and grant money is available from the State Municipal Service Division. A town board on its own motion or in response to a resident petition submits the consolidations question before the voters. A public hearing is mandated as is a detailed plan on how various issues will be addressed, before the proposition can be presented to voters. A consolidation process, the election of new officials, an effective date for the new town and the new town's government structure are all specified in the consolidation law.

In Massachusetts over the last 30 years, there are examples of communities that have altered their structure of government. Among them, transitions have included selectmen/town meeting to town council/town manager governments (Barnstable, Franklin, Southbridge, Palmer and Winthrop); selectmen/town meeting to mayor/city council (Agawam, Amesbury, Braintree, Weymouth); and from town council/town manager to mayor/city council (Greenfield and Methuen).

In each of these instances, the conversion from one form of government to another occurs within the unchanged physical boundaries of the original town and impacts a static population. The Hamilton and Wenham situation differs in that the product of a merger would be a new community with expanded boundaries, an enhanced population and a reconstituted government. When this occurs, the legal standing of the Town of Hamilton and the Town of Wenham will end.

This change will give rise to a multitude of transition issues and legal questions. We address some of them here, and expect that they and others will be the focus of transition committees that we recommend be formed to facilitate a Hamilton and Wenham merger. The discussion below will also have relevance if the two towns were to seek further consolidation opportunities short of a full merger. In either event, we advocate comprehensive planning and view the towns' ability to provide information to residents on these matters as a critical prerequisite to gaining their support of a plan to merge towns or consolidate additional services.

*Role of the Charter or a Special Act* – When adopted by a municipality, a new charter provides the framework for a stable, long-term government. When it alters the pre-existing structure of local government, its provisions always include “succession” language or transition sections. These provisions ensure the continuity of obligations, responsibilities, laws, personnel and government operations. The sections below are typical:

Obligations - All official bonds, recognizance, obligations, contracts, and other instruments entered into or executed by or to the town before the adoption of this charter, and all taxes, assessments, fines, penalties, forfeitures, incurred or imposed, due or owing to the town, shall be enforced and collected, and all writs, prosecutions, actions and cause of action, except as herein otherwise provided, shall continue without abatement and remain unaffected by the charter; and no legal act done by or in favor of the town shall be rendered invalid by reason of the adoption of this charter.

Existing Laws - All general laws, special laws, town bylaws, town meeting votes, and rules and regulations of or pertaining to the town that are in force when this charter takes effect, and not specifically or by implication repealed

hereby, shall continue in full force and effect until amended or repealed, or rescinded by due course of law, or until they expire by their own limitation.

Continuity of Government - Except as otherwise provided in this charter, all town agencies shall continue to perform their duties until reselected, or until successors to their respective positions are duly appointed or elected and qualified, or until their duties have been transferred and assumed by another agency.

Transfer of Records - All records, property and equipment whatsoever of any town agency, or part thereof, the powers and duties of which are assigned in whole or in part to another town agency, shall be transferred forthwith to such agency.

Continuation of Essential Personnel - Any person performing an essential town function shall retain such office or position or employment, and shall continue to perform the duties of such office, position or employment until provision shall have been made for the performance of those duties by another person or agency. Essential personnel shall include (list).

Succession language as drafted and displayed above has not been tested in Massachusetts under circumstances where two or more municipalities have merged to form a new town. Insights can be drawn from other public sector circumstances and from private sector experiences. In the following narrative we try to identify potential areas of concern and, in some instances, offer guidance on possible courses of action. On other subjects, we attempt only to clarify issues and defer to local opinions and consultants with specialized knowledge on the best and appropriate direction to take.

*Collective Bargaining Agreements* – A move from individual towns to a merged community will constitute a change in the terms and conditions of employment for workers and will, in turn, trigger mandatory bargaining between the town and its employees. Questions about the legal standing of the towns, the unions or the pre-existing contracts would only be resolved by the State Division of Labor Relations. Even if given priority status by Labor Relations, a petition seeking clarification of these issues would likely involve a long, arduous and contentious process.

We advise, instead, that discussions begin between town and union representatives well in advance of a full merger, or consolidation of a department, where union members are affected. Best handled as a transition issue by a joint committee, the terms and conditions of contracts can be reached prior to the effective date of the merger. Alternatively, per the terms of a special act or special act charter, employees could continue working in the new town or department under prior agreements until new ones are reached and executed.

*Personal Service Contracts* – As a rule, municipal workers are employed for one year at a time because their compensation is a one-year appropriation. There are exceptions. Multi-year employment contracts are expressly authorized by state law for a town manager or administrator, town accountant, police and fire chief. Special acts may create additional exceptions. For all

other employees, individual personal service contracts are not binding beyond one year, unless the initial appropriation covers the term of the contract and the funds are encumbered. Contracts can only include fringe benefits that are available to other employees.

During a transition period, a list of personal service contracts executed in both towns should be assembled. Those that are authorized by general or special law, and have terms that cross over the anticipated merger date would need to be adjusted or renegotiated. We advise that all other personal service contracts be allowed to lapse on June 30 and positions then be funded in accordance with the new personnel system and through a budget line-item.

The towns should also be aware that a special act on transition, or special act charter, may emerge from the General Court with added language protecting the position, compensation and benefits of all permanent, full-time employees.

*Boards, Commissions and Committees/Miscellaneous Positions* – Included in Appendix B are lists of each town's boards, committees and commissions ("committees"). They are identified as elected or appointed and include Hamilton-Wenham joint committees.

On the day that the two-town merger takes affect (presumably July 1), all appointed committees will dissolve. To ease the transition, two options are available. Provisions in a charter or special act can extend their tenure, as is, until reconstituted in accordance with the new charter. Or, existing committees can be combined and reconfigured, or allowed to stand, in a process that is consistent with charter provisions and is completed prior to the effective date of the merged town. If former committees are to be reconfigured to represent the larger town, consideration should be given to the total number of members (odd), selection criteria, appointing authority and timetable for appointment. This would also be an opportunity to present each committee with a mandate or statement of expectations and a reporting timetable. Appointments can include the re-appointment of prior members or others.

Elected positions require separate consideration. State law directs that when the office of an elected official is converted by town vote to an appointed position, he or she is entitled to fulfill the remaining term. At the end of the term, or sooner if the holdover resigns, an appointment would be made to the position. There is no similar statutory language that fits a situation when two or more communities merge corporately and two of the same elected position, for instance, is reduced to one. Transition language in the charter or in a special act can, however, set out a date for the election of new officials in advance of the effective date for the merged community. The new combined members would most likely take office immediately upon election, rather than on July 1 when the merged town begins operation. Alternatively, the charter could direct that the prior, duly elected officials remain in office until new elections are called by the new board of selectmen, no matter when that might occur.

In this analysis, we assumed that all existing boards, committee and commissions would continue to function and remain as elected or appointed. With the exception of the board of selectmen, which is assigned five members, we make no assumptions about the composition or

number of the members on a reconstituted committee. Planning for the transition of elected and appointed officials should be an early decision and included in the charter proposal.

*Record Consolidation* – Every department of town government has in-office files and may also have files in storage. If stored off-site, they need not be moved. Otherwise, combining the records of two towns involves both physical and electronic transfers. The physical transfer of records merely requires planning, i.e., what records will be delivered to whom, where, on what date and by whom. The consolidation of electronic records requires more planning.

As a first step, a transition committee should complete an online search of the Public Records Division in the Secretary of State's office. Located there are record disposal schedules for municipal governments. With this information in hand, there may be opportunity to discard files, or reduce the volume of paper by converting records to an electronic format. Also provided will be the means to more efficiently manage and reduce paper production going forward.

The committee needs to determine how data files will be moved from a software product in one town to a different software application in the other, to the same software, or to a different version of the same software. In some case, data transfer may not be practical, feasible or conversion costs may be prohibitive. In every case, resolving conversion issues will be labor intensive, time consuming and costly. Contracting with an outside consultant for each software type to serve as a project manager is well advised. The complexity of requisite tasks and the time involved argues against assigning project manager responsibilities to town employees.

*Community Preservation Program* – Hamilton and Wenham both adopted the Community Preservation Act in 2005 and have overall balances of \$667,423 and \$509,469, respectively as of June 30, 2008. Hamilton funds the program through a two percent tax surcharge, while Wenham imposes a three percent surcharge. Both towns adopted the low income and \$100,000 exemptions. If the towns merge, a new town-wide vote to re-accept the Community Preservation Act will be necessary. Until each town is in the program for five years, however, neither can rescind it. Whether this rule will apply is a legal question.

*General Government and Zoning Bylaws* – Charter transition language directing the continuance of general bylaws and zoning bylaws works smoothly when a change in government structure occurs within one community. When towns merge, a complete review and recodification is necessary. General bylaws from the two or more towns that apply to the structure and operation of government will invariably have conflicting provisions. These are best addressed in advance of the effective date of a merger, so that essential government functions are consolidated, through accepted bylaws, when the operation of a merged town begins.

If new bylaws are not adopted in advance, residents will be subject to different rules depending on where they live and until the process of developing and approving a consolidated code is complete. This may work in a mechanical sense, but does little to enhance the spirit of a merger.

Specific to zoning, operating under multiple bylaws will force decisions whether enforcement will be the responsibility of a single building inspector, or two, and whether permit

granting authority will pass through a consolidated zoning board of appeals, or separate boards. Massachusetts General Laws (M.G.L. c.40A, §6) do provide a certain level of “grandfather” protections to pre-existing lots. However, at some future point, the entire geographic areas of the merged community will be under a single, negotiated and approved zoning bylaw.

The work of drafting bylaws that address continuity could be completed during advance planning and transition periods. Joint transition committees could be charged with the task of developing and drafting new general government and zoning bylaws. Appropriate hearings, public input, town meeting and town-wide votes could be timed so that all bylaws take effect on the date the combined town begins operating. A 90-day period must be added to the timetable to allow the State Attorney General to complete her review and response to all locally adopted general government and zoning bylaws.

*Special Acts/Local Acceptance Statutes* – In similar fashion, the Hamilton and Wenham special acts approved by the General Court should be reviewed. Although there are few, through succession language, they would remain in effect. A review is advised to determine if special acts of the two towns conflict in any way.

The same review and comparison should take place relative to local acceptance statutes. These are laws that towns can choose to operate under by “accepting them” through a town meeting vote. If one town has, and the other has not, locally accepted a law or if the towns have accepted different versions of a law, any conflicts would need to be resolved. A mechanism usually exists that allows a community to rescind its prior acceptance of a state law after three years.

Information provided by the Hamilton and Wenham town clerks show votes to adopt literally hundreds of local acceptance statutes. They would need to be reviewed, reconciled and re-voted, if warranted.

*Pre-existing Contracts/Obligations* – In a merger, the new town would normally be the successor-in-interest relative to rights, benefits, obligations and liabilities under pre-existing contracts executed by each town individually. While the idea that each town could pick-and-choose which contracts, of the other, it wishes no interest in, as a practical matter, particularly where finances are involved, that approach is not advisable.

For instance, in a merged town, should residents of the prior individual communities continue to be solely responsible to pay the debt service on bonds and notes they issued? With the possible exception of betterments, there is no lawful vehicle that allows a municipality to allocate rights, entitlements, financial obligations or legal responsibilities to only a segment of its population. If a means were to be devised, implementation would require approval of special legislation by the General Court and Governor. We would expect the precedent to be heavily scrutinized.

*Unknown Future Liabilities* – We offer a different perspective on the exposure of one town’s residents to risks that arise from legally actionable offenses or circumstances that occurred in the other town prior to the merger. Pre-existing obligations like debt involve elements that can

be openly quantified, discussed and accepted. However, we appreciate the viewpoint that one community's residents should not be forced to share in a future, unknown penalty arising from circumstances not of their own making and pre-existing to the merger.

Charter language may be drafted and adopted to establish appropriate protections. Additional steps would be warranted, in the future, only if action were justified under the charter provision. A special act would be needed, at that time, to set-out a methodology that allocates the costs to a portion of the population even though the expense would technically be the legal responsibility of the entire town.

*Other Post Employment Benefits* – Other post employment benefits (OPEB) generally take the form of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including in some cases their beneficiaries. They may also include some type of life insurance. They do not include pensions. Under the Government Accounting Standard Board (GASB) rules, every municipality must, through actuarial analysis, identify the true costs of OPEB earned by its employees over their years of actual service and extrapolated to projected retirement dates. The result is an accrued liability.

Actuarial analyses are underway in both Hamilton and Wenham. Upon completion, the scope of each town's liability will be known. Municipalities are not required to fund the liability as they do future pension liabilities and most budget and pay OPEB cost as they arise each year. Some communities have established and annually pay into a liability reserve set up through special legislation. Now, with the enactment of Chapter 479 of the Acts of 2008, municipalities can set-up an OPEB liability trust fund through local acceptance.

The OPEB cost is a pre-existing liability that differs for every municipality and will have a long-term financial impact when towns fully merge. A town's OPEB liability will also vary depending on the number of its active employees. So, when towns share services or consolidate departments, the host community incurs the employees' OPEB liabilities and the non-host town is relieved of the cost. Therefore, monitoring host status and tracking each town's assumption of responsibility for employee benefits may be useful in achieving fiscal balance where departments or positions are consolidated.

*Department of Revenue* – The Department of Revenue through the Division of Local Services (DLS) provides a wide range of services and advice to municipalities on matters of financial management. The DLS Bureau of Accounts (BOA) and Bureau of Local Assessment (BLA) also fulfill a regulatory function as they oversee local accounting procedures and assessing practices, respectively. The Municipal Data Management and Technical Assistance Bureau, the Bureau of Municipal Finance Law and the Information Technology Bureau provide guidance, as well, to local officials including treasurers and collectors.

When considering the merger of two communities, DLS concerns center on continuity and capability issues. On the day when the two separate towns become one, DOR needs to have confidence that finance officers and staff are in place, that fiscal procedures are agreed to, and that finance and assessing-related software are fully implemented. The town needs to be in compliance

with state laws and regulations relating to finance issues and possess the capability to complete essential functions and meet DOR reporting and operational requirements. As a start, on July 1 of the initial year of merger, a balanced annual budget must be approved by town meeting. The town must have the ability to close prior year books of the two towns and produce balance sheets, Schedules As and a Tax Recap Sheet for the single town.

*Transition Costs* – Municipalities participating in a merger, or a service consolidation, should anticipate one-time expenditures for transition costs related to operations, capital investment and consultant services. Cost categories can include expenditures for planning and transition committee work; for town counsel; labor counsel; and outside consultants with specialized knowledge about police and fire departments. Each town's financial advisor should be involved. Equipment purchases or construction and remodeling of facilities may be necessary. Merging technologies and data conversion will be an expense. Costs will be incurred for special elections, town meetings and to change maps, signs, stationary and town seals, etc. Adding a contingency for unforeseen costs would also be prudent. In this analysis, costs associated with equalizing collective bargaining agreements are regarded as ongoing and are incorporated as budget adjustments.

Often underestimated, transition costs are difficult to fully quantify because of the complex nature of consolidating municipal operations. As a reorganization effort, the merging of municipal governments involves an amalgamation of political, administrative and financial structures. The magnitude of transition costs can often be the underlining determinant on whether municipal consolidation is feasible. Although outside financial assistance to cover transition costs may be difficult to secure, municipalities typically relied on a combination of reserves, grants and loans.

In order to assess the potential impact of transition costs and to provide some general guidance for Hamilton and Wenham, we conducted independent research on the topic of municipal mergers. We uncovered a dozen city and county mergers that occurred between 1971 and 1997, primarily in southern states, but transition cost information was lacking. We focused instead on four consolidations that occurred between 1991 and 2002. Information is sparse and somewhat dated. As a result, our efforts to quantify transition costs involved a number of assumptions and relied on anecdotal evidence. However, they do permit a certain level of analysis that point to factors and a cost estimate which can serve as a framework for discussion.

Below are summaries of four case studies that contributed to our analysis:

In 1991 the City of Athens (Pop: 44,600) and Clarke County (Pop: 87,600) in the State of Georgia consolidated. Although one-time transition costs for operating and capital expenses were \$470,353, expenditures for consultant services reached \$5 million and equalizing benefits cost \$2 million.



In 1996 the City of Halifax, City of Dartmouth, Town of Bedford, and County of Nova Scotia (Pop: 350,000) consolidated. Initial transition costs were estimated at \$10 million in 1995, although they quickly escalated to \$26 million by the consolidation in 1996. The actual costs were reported to be four times higher than the initial projection.

In 1998 Metropolitan Toronto and the City of Toronto (Pop: 2.3 million) consolidated. Although the Provincial transition cost estimate was between \$150 million and \$220 million, the city projected costs at \$275 million.

In 2002 the Municipality of Eaton (Pop: 3,753), Town of Cookshire (Pop: 1,491), and the Township of Newport (Pop: 711) in Canada consolidated. The transition cost estimate was \$400,720.

To make sense of the data, we adjusted the total cost in each case to an estimated present day level by applying the change in the Consumer Price Index (Northeast Region, All Urban Consumers, All Items) from the April in the merger year to April 2009. We then viewed the adjusted cost on a per capita basis.

|                             | <b>1991<br/>Georgia</b> | <b>1996<br/>Nova Scotia</b> | <b>1998<br/>Toronto</b> | <b>2002<br/>Eaton (Canada)</b> |
|-----------------------------|-------------------------|-----------------------------|-------------------------|--------------------------------|
| Merger date                 | Apr-91                  | Apr-96                      | Apr-98                  | Apr-02                         |
| CPI                         | 141.6                   | 162.9                       | 169.5                   | 187.80                         |
| Current date                | Apr-09                  | Apr-09                      | Apr-09                  | Apr-09                         |
| CPI                         | 227.84                  | 227.84                      | 227.84                  | 227.84                         |
| Overall change              | 86.24                   | 64.94                       | 58.34                   | 40.04                          |
| % change in CPI             | 60.90%                  | 39.86%                      | 34.42%                  | 21.32%                         |
| # years                     | 18.05                   | 13.04                       | 11.03                   | 7.02                           |
| change per year             | 3.37%                   | 3.06%                       | 3.12%                   | 3.04%                          |
| Original Cost (\$)          | 5,470,000               | 26,000,000                  | 275,000,000             | 400,720                        |
| Inflation factor            | 1.82                    | 1.48                        | 1.40                    | 1.23                           |
| Adjusted cost (\$)          | 9,956,932               | 38,504,364                  | 385,946,708             | 494,375                        |
| Population                  | 132,500                 | 350,000                     | 2,300,000               | 5,955                          |
| <b>Per capita cost (\$)</b> | <b>75.15</b>            | <b>110.01</b>               | <b>167.80</b>           | <b>83.02</b>                   |

Among the four merger examples, we place emphasis on the so-called Canada consolidation that, in 2002, is the most recent and is the closest to the combined Hamilton and Wenham estimated population of 12,800. Also like Hamilton and Wenham, it involved the consolidation of small towns, rather than cities and counties which primarily characterize the other merger examples. Together, the comparables suggest that cost is affected by a greater

complexity associated with larger communities and point to a direct relationship between overall cost and population, perhaps for similar reasons.

| <b>Location <sup>11</sup></b> | <b>Population</b> | <b>Adjusted Cost</b> |
|-------------------------------|-------------------|----------------------|
| Eaton et al (Canada)          | 5,955             | 490,000              |
| Hamilton-Wenham               | 12,803            |                      |
| Georgia                       | 132,500           | 9,960,000            |
| Nova Scotia                   | 350,000           | 38,500,000           |
| Toronto                       | 2,300,000         | 385,950,000          |

Overall, the available data on transition costs is not strong. However, we believe that three factors can help hold costs down. Hamilton and Wenham are relatively small towns where the issues, while thought provoking, should not be unforeseeably complex. The town benefits from a deep pool of knowledgeable and experienced residents who can be a valuable resource during transition planning. Finally, the towns will have whatever time necessary to effectively plan a transition. If the task is pursued and orchestrated in an even-handed and comprehensive manner, many issues can be resolved without the need for costly outside input.

Based on the information available, it is our opinion that transition costs in a Hamilton and Wenham corporate merger could range between \$500,000 and \$1 million.

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<sup>11</sup> Sources - 1) Liu, A. 2004. Exploring the Issue of Merger. The Brookings Institution, Metropolitan Policy Program; 2) Schatteman, A. A Biographical Essay of Municipal Reform: The Case of Ontario, Canada; 3) Sharma, A. 2009. Local Government Consolidation in Canada: Panacea or Chimera. International Research Society for Public Management. Copenhagen, Denmark; 4) Vojnovic, I. 2000. Provincial and Municipal Restructuring in Canada: Assessing Expectations and Outcomes. Canadian Journal of Regional Science, Vol. 23; 5) 2004. Study of the consequences and cost of a possible reconstitution of the former Town of Cookshire-Eaton. EEC Canada Inc.

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## Statutory Means to Achieve Enhanced Regionalization

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Over time, the General Court has enacted state laws that encourage and enable collaboration between and among communities and regionalization of municipal services. Most authorize local action in a specific function or service area. There also are other state initiatives with a similar focus.

The Special Legislative Commission on Municipal Relief was established in 2008 to help promote fiscal stability to the Commonwealth and equip municipalities with tools to continue to provide core services. Among its members are lawmakers, business leaders, educators, labor leaders, and municipal officials. The Commission report, issued in May 2009, addresses numerous topics of concern and speaks specifically to regionalization and shared services.

The Governor filed a second comprehensive Municipal Partnership Act in the 2009 legislative session, which includes provisions to promote more cost-efficient and effective service delivery through collaboration among communities. In particular, its proposals ease the requirements for entry into the state Group Insurance Commission. Several provisions encourage and facilitate regionalization of municipal services and reform municipal procurement and advertising requirements. One amends the Inter-Municipal Agreement Act to make it more functional for communities.

Outside section 39 of the 2010 House Ways and Means budget would establish a 17-member Regionalization Advisory Commission to “review all aspects of regionalization including possible opportunities, benefits and challenges within the commonwealth.” Commission members would be drawn from a broad base and would be required to complete their work and report their findings no later than April 30, 2010.

The FY2009 state budget makes \$2 million in District Local Technical Assistance money available to regional planning agencies (RPA) so that they might provide assistance to promote partnerships among municipalities with the goal to achieve cost savings and efficiencies in local service delivery. In addition to shared services, the RPAs focus is on advancing cooperative agreements and collaborations, collective purchasing, and the adoption of other cost saving measures. As of the date of this report, the RPAs continue to accept spending plans from cities and towns.

Dating back to 1959, the Towns of Hamilton and Wenham have used inter-municipal agreements effectively to merge positions and share the costs of certain public services. More recently, economic circumstances have prompted conversations about previously unexplored areas of potential collaboration. We would expect this pattern to continue.

A recent amendment to the Inter-Municipal Agreement law (M.G.L. c.40, §4A) has made it easier for communities to enter agreements, but the law still has limitations as it relates to employee unions. Below is a summary of the Inter-Municipal Agreements Act with summary information on other state statutes that provide a means for two or more municipalities to regionalize services.

*Inter-Municipal Agreements Act*<sup>12</sup> (M.G.L. c. 40, §4A) – As of July 2008, inter-municipal agreements between two or more towns can be executed with approval of the board of selectmen only. The subject of the agreement can involve any activities or undertakings that town departments are normally authorized by law to perform. The maximum length of an agreement is 25 years. Once lawfully executed, the agreement is binding on the towns notwithstanding any bylaw or charter provision to the contrary.

The inter-municipal agreements statute also enumerates financial safeguards that contracts must provide for. They relate to payment details, record keeping, audits, responsible parties and financial reporting. Agreements should also address, when warranted, future capital needs, the range of services to be provided, and the basis for compensation, dispute settlement and termination.

As a practical matter, agreements are of three types. Under a *formal contract*, one town agrees to provide a service, typically performed by an individual, to another for an agreed upon price. Under a *joint service agreement*, each town shares the cost to finance and deliver a range of departmental-type services. *Service exchange agreements* involve a commitment by each participating community to provide a defined service, as needed or requested, with no payment for costs.

Although inter-municipal agreements can be executed by a board of selectmen and without town meeting approval, they create financial obligations and can have the force of bylaws. However, unlike the adoption of town bylaws and town charters, the State Attorney General is not required to review and approve inter-municipal agreements. Therefore, each town should seek the advice of town counsel before formally executing an agreement.

It is also important to know that inter-municipal agreements cannot void or circumvent provisions in collective bargaining agreements. The terms of an agreement can be grieved by a union and its execution can be prevented. This obstacle is addressed in the Governor's second Municipal Relief Package which recommends language to amend M.G.L. c40, §4A stating that "a city or town's decision to enter into an inter-municipal agreement, or to join any regional entity, shall not be subject to collective bargaining under this section." The legislation has not yet been acted upon by the General Court.

Listed in the next chart are Massachusetts General Laws which authorize the creation of districts or regional initiatives by cities and towns. More detailed information is in Appendix G.

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<sup>12</sup> Excerpted in part from "Chapter 188 of the Acts of 2008 - Understanding and Applying the New Inter-municipal Agreement Law," by Laura Schumacher, *City & Town*, Vol. 21, No. 10, pg. 4.

**GENERAL PROVISIONS**

Inter-municipal agreements  
Joint performance of services

**M.G.L. CITATION**

40:4A  
43C:15

**GENERAL GOVERNMENT**

Regional assessing  
Regional health care coverage  
Joint administration (health/medical services)  
Joint administration (dental services)  
Regional retirement systems  
Regional charter commissions and councils of government  
Collective purchasing  
Regional service centers (for development of GIS technology and data)

41:30B  
32B:12  
176A:5; 176B:3  
176E:3  
34B:19  
34B:20  
7:22B, 22A  
21A:4B

**PUBLIC EDUCATION**

Regional school districts  
School superintendency unions  
Education collaboratives  
Joint school committees  
Joint directors of occupational guidance and placement

71:14-16 I  
71:61-64  
40:4E  
71:63  
71:38D

**PUBLIC HEALTH**

Regional health districts  
Joint infirmaries

111:27A-27C  
47:4

**PUBLIC LIBRARIES**

Joint public library  
Regional public library service

78:19A  
78:19C-19D

**PUBLIC SAFETY**

Fire districts  
Regional police districts  
Regional EMS council (Emergency Medical Services System)  
Regional emergency communication centers and PSAPs (Public Safety Answering Points/Enhanced 911 Service)  
Mutual police aid programs

48:60-80 (see §§ 67 & 79)  
41:99A-99K  
111C:4  
6A:18A-18J; 166:14A  
40:8G

**PUBLIC UTILITIES**

Regional municipal water supply system  
Sewer districts (re references to buy services)  
Regional water/sewer district commissions

21:9A, 20  
83:1  
40N:25

Regional local government unit (Water Pollution Abatement Revolving Loan Program)

29C:1

|   |            |
|---|------------|
| Municipal Light Plant Cooperatives          | 164:47C    |
| Municipal Group Electric Load Aggregation   | 164:134    |
| Energy Cooperatives                         | 164:136    |
| Group Utility Purchasing Arrangements       | 164:137    |
| Regional refuse disposal districts          | 40:44A-44L |
| Regional recycling programs                 | 40:8H      |
| Regional water pollution abatement district | 21:28      |

### **PUBLIC WORKS**

|   |       |
|---|-------|
| Joint road maintenance                                      | 84:5  |
| Joint applications for road and chemical storage assistance | 16:4D |

### **RECREATION & CULTURE**

|                                   |            |
|-----------------------------------|------------|
| Cooperative Recreation Facilities | 45:14      |
| Regional cultural council         | 10:58      |
| Regional beach districts          | 40:12B-12G |

### **REGULATORY FUNCTIONS**

|                                       |           |
|---------------------------------------|-----------|
| Regional planning districts           | 40B:3, 11 |
| Joint regulation of motorboats        | 90B:15    |
| Joint air pollution control districts | 111:142C  |

### **TRANSPORTATION**

|                              |        |
|------------------------------|--------|
| Regional transit authorities | 161B:3 |
|------------------------------|--------|

### **ECONOMIC DEVELOPMENT**

|  |       |
|--|-------|
| Economic development regional commission | 40B:5 |
|--|-------|

### **OTHERS**

|                                   |           |
|-----------------------------------|-----------|
| Regional veterans' districts      | 115:10-15 |
| Joint airport enterprise          | 90:51N    |
| Joint control of marine fisheries | 130:56    |
| Joint boundary markers            | 42:4      |
| Regional housing authority        | 121B:3A   |

## Acknowledgements

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Bureau of Accounts  
Bureau of Local Assessment  
Municipal Data Bank

In preparing this report, DLS interviewed the following individuals and town personnel

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Cheryl Booth, Treasurer-Collector  
Robin Nolan, Chief Assessor  
John Tomasz, Public Works Director  
Eric Mansfield, Water Superintendent  
Town Clerk, Jane Wetson  
Robert Pomeroy, Acting Police Chief  
Philip Stevens, Fire Chief

**Wenham**

Jeff Chelgren, Town Administrator  
Sarah Johnson, Finance Director/Treasurer-  
Collector  
Nichole Hagstrom, Administrator's Assistant  
William Tyack, Public Works Director  
Frances Harte-Young  
Kenneth Walsh, Police Chief  
Robert A. Blanchard, Fire Chief

**Hamilton-Wenham RSD**

Paul Szymanski, Business Manager

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## Appendices

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## Appendix A: Enhanced Regionalization and Merger Analysis Proposal

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December 5, 2008

Board of Selectmen  
Town of Wenham  
138 Main Street  
Wenham, MA 01984

Board of Selectmen  
Town of Hamilton  
577 Bay Road  
Hamilton, MA 01936

Re: Hamilton-Wenham Merger and Regionalization Enhancement Analysis Proposal

Dear Board Members:

Thank you for allowing the Division of Local Services (DLS) to present this proposal to complete a merger and regionalization enhancement analysis for the Towns of Hamilton and Wenham. The subject of an analysis originated with the DLS Technical Assistance team during its financial management review for the Town of Hamilton. On-going efforts by the two towns to share services and the frequent mention of a merger as a long standing topic of casual conversation prompted our offer to make this option available, at no cost to either community. We were also motivated by the opportunity to develop a framework which will enable DLS to more effectively assist other communities as they increasingly focus on regionalizing services, sharing personnel and costs, outsourcing services or merging.

Key to our proposal is an intent to produce a comprehensive analysis which depicts the characteristics of a combined community as if it were to exist today. In this way, direct comparisons can be made between the current structure, operations and budget of Hamilton and Wenham, as individual towns, and a new configuration and costs, as a single town. Only if each community decides to move toward further regionalization or merger, this approach will permit local leaders, town meetings and voters to determine to what degree and how fast a transition might unfold and to project future costs accordingly. In short, we hope to provide a blueprint or road map toward enhanced regionalization or for merger, which can be executed at a pace and in a manner that makes the most sense to the two towns.

Accordingly, we propose a merger and regionalization enhancement analysis, the content of which would:

- 1) Describe the analysis process;
- 2) Provide a description of each town as it presently exists;
- 3) Describe further regionalization opportunities and present the characteristics of a combined town were it to exist today;
- 4) Describe the process necessary to move toward enhance regionalization and from single towns to a combined community;
- 5) Discuss issues to be resolved and options available to address them, if any.
- 6) Provide the basis of information and reasoning underlying our conclusions.

To complete an analysis, we would anticipate a broad scope of work. Included, at least, would be a study of the following relative to Hamilton, Wenham, to peer communities and/or to a further regionalized or combined Hamilton-Wenham municipality:

- 1) Background - demographics, population density, geography, road miles, land area, location of public facilities, etc.
- 2) Government Structure/Legal - management authority, organizational chart, bylaws, local acceptance statutes, special acts, steps necessary to a merger, current areas of shared services and costs, prior studies of government structure and sharing opportunities.

- 3) Financial Management - staffing levels, finance staff duties and responsibilities, town financial practices and policies, budget and budget process, capital improvement program.
- 4) Technology - hardware and software surveys, support contracts and software licenses, software applications and financial management, telephone and other communication matters, data protection, technology-related policies.
- 5) Legal Obligations - debt, receivables, tax titles, court judgments, consent decrees, collective bargaining agreements, vendor contracts.
- 6) Personnel - general staffing levels, employee duties and responsibilities; workforce characteristics, personnel bylaws and policies, benefits, salary and wage schedules, classification structure, health insurance
- 7) Buildings, Equipment and Infrastructure - surveys of public facilities, roads, infrastructure, vehicles and equipment.
- 8) School District - issues associated with a town compared to a regional school district.
- 9) Transition and Start-up Costs/Benefits - consulting services, town counsel, increased operating costs, lost revenue, new contracts. Also, service gains, cost savings, efficiency enhancements. Cost allocation options.

Essential to the completion of a well-founded, comprehensive analysis is the involvement and cooperation of Hamilton and Wenham local officials and town employees. Accordingly, we would expect our research to include:

- 1) Interviews with town department heads and staff
- 2) Requests for copies of collective bargaining agreements
- 3) Requests for other municipal documents and materials, if not accessible on-line

The project would begin in January 2009, although preliminary research may begin in advance of the formal start date. In any event, we are mindful that the local budget process is underway and consequently, we will follow the guidance provided by each town administrator as to the least obtrusive times to be in town hall and to schedule interviews with department managers. A written report of a merger analysis would be simultaneously delivered to each town's board of selectmen in April 2009. Members of the project team would be available to attend a regular or special joint meeting of the two boards to discuss our conclusions and the basis for our decisions. We would also expect to be in regular communication with the respective town administrators throughout the process.

We would regard this proposal as accepted with acknowledgement of an approving vote by each town's board of selectmen. The process would then be set in motion.

Thank you again for allowing us to put forward this proposal. If you have any questions or comments, please contact me at 617-626-2376 or [kingsleyf@dor.state.ma.us](mailto:kingsleyf@dor.state.ma.us).

With Regards,

Rick Kingsley, Chief  
Municipal Data Management and  
Technical Assistance Bureau

cc Robert G. Nunes, DLS Deputy Commissioner  
Joe Markarian, Director, DLS Technical Assistance Section  
Jeff A. Chelgren, Town Administrator, Wenham  
Candace Wheeler, Town Administrator, Hamilton

## Appendix B: Town Boards, Committees and Commissions

| Hamilton                                |                | Wenham  |                |
|---|----------------|---|----------------|
| <u>Elected</u>                          | <u>Members</u> | <u>Elected</u>                                | <u>Members</u> |
| Board of Selectmen                      | 3              | Board of Selectmen                            | 3              |
| Assessors                               | 3              | Assessors                                     | 3              |
| Housing Authority                       | 5              | Housing Authority                             | 5              |
| Planning Board                          | 9              | Planning Board                                | 5              |
| Town Clerk                              | 1              | Town Clerk                                    | 1              |
| Town Moderator                          | 1              | Town Moderator                                | 1              |
|   |                | Cemetery Commission                           | 3              |
|   |                | Board of Health                               | 3              |
|   |                | Tree Warden                                   | 1              |
|   |                | Water Commission                              | 3              |
| <u>Appointed</u>                        |                | <u>Appointed</u>                              |                |
| Finance and Advisory Committee          | 5              | Finance and Advisory Committee                | 5              |
| Zoning Board of Appeals                 | 3              | Board of Zoning Appeals                       | 3              |
| Community Preservation Committee        | 10             | Community Preservation Act Commission         | 8              |
| Conservation Commission                 | 7              | Conservation Commission                       | 6              |
| Historic District Committee             | 10             | Historical District Commission                | 7              |
| Council on Aging                        | 7              | Council on Aging                              | 8              |
| Board of Health                         | 3              | WISSH   | 12             |
| Agriculture Commission                  | 5              | Bicycle and Pedestrian Advisory Committee     | 11             |
| Budget Process Committee                | 4              | Fence Viewers                                 | 3              |
| Capital Management Advisory Committee   | 3              | Board of Election Registrars                  | 4              |
| Chebacco Woods Management               | 4              | Election Officers                             | 28             |
| Economic Development Committee          | 5              | Audit Committee                               | 6              |
| Government Study Committee              | 9              | Recycling Committee                           | 7              |
| Hamilton Foundation                     | 7              | Iron Rail Commission                          | 4              |
| Housing Partnership Committee           | 5              | Town Hall & Police Station Building Committee | 13             |
| Landfill Steering Committee             | 10             | Route 97 Light Committee                      | 6              |
| Long Range Planning Committee           | 4              | Capital Management Advisory Committee         | 9              |
| Miles River Collaboration               | 2              | Boulder Lane Study Committee                  | 4              |
| Miles River Task Force                  | 2              | Affordable Housing Master Plan Committee      | 5              |
| Open Space Committee                    | 11             | Zoning Ordinance Re-write Committee           | 7              |
| Personnel Board                         | 5              | War Memorial Committee                        | 10             |
| Public Safety Building Committee        | 6              |   |                |
| Recycling Committee                     | 5              |   |                |
| Registrars                              | 3              |   |                |
| Road Safety Committee                   | 8              |   |                |
| <u>Hamilton-Wenham Joint Committees</u> |                |   |                |
| Hamilton Wenham Library Trustees        | Elected        | 2Hamilton, 2 Wenham, 2 at large               |                |
| H-W School Committee                    | Elected        | 9 at large                                    |                |
| Emergency Center Operations Board       | Appointed      | 4 Hamilton, 4 Wenham                          |                |
| H-W Cultural Council                    | Appointed      | 4 Hamilton, 4 Wenham                          |                |
| H-W Joint Recreation                    | Appointed      | 3 Hamilton, 3 Wenham                          |                |
| H-W Technology Committee                | Appointed      | 7 Hamilton, 7 Wenham                          |                |
| H-W Community Access and Media, Inc.    | Appointed      | 3 Hamilton, 3 Wenham, 1 Joint BOS             |                |

## Appendix C: Hamilton-Wenham Regionalization Budget

|   | Hamilton   | Wenham   | Hamilton-Wenham  |
|---|--|--|--|
|   |  | <b>Administrative</b>  |  |
| 1 | <u>Moderator</u><br>Expense 0  | 1 <u>Moderator</u><br>Expense 50   | 1 <u>Moderator</u><br>Expense 50   |
| 2 | <u>Selectmen</u> 20,179<br>Expense 9,250<br>Salary 8,929<br>Board Chair stipend 3,225<br>2 Board Members stipend 5,704<br><br>Town Report 2,000  | 2 <u>Selectmen</u> 19,812<br>Expense 2,000<br>Salary 10,812<br>Board Chair 4,266<br>2 Board Members 6,546<br><br>Town Report 7,000   | 2 <u>Selectmen</u> 37,608<br>Expense 11,250<br>Salary 17,358<br>Board Chair 4,266<br>4 Board Members 13,092<br><br>Town Report 9,000   |
| 3 | <u>Town Administrator</u> 153,834<br>Expense 9,270<br>Salary 144,564<br><br>Town Administrator 91,755<br><br>Assistant to Town Administrator 40,764<br>12 hr Clerk (shared with Health) 10,324<br>2 hr Clerk (shared with Consv. & Planning) 1,721 | 3 <u>Town Administrator</u> 95,956<br>Expense 2,500<br>Salary 93,456<br><br>Town Administrator 90,456<br>Deferred Compensation 3,000   | 3 <u>Town Administration</u> 266,468<br>Expense 11,770<br>Salary 254,698<br>Town Manager 110,000<br><br>Assistant Town Manager/Personnel* 80,000<br>Administrative Assistant 48,479<br>12 hr Clerk 10,323<br>2 hr Clerk 1,721<br>Summer Intern 3,575<br>Longevity 600  |
| 4 | <u>Public Buildings &amp; Maintenance</u> 109,574<br>Expense 79,000<br><br><br>Salary 30,574<br>30 hrs Custodian (shared with Recreation) 29,473<br>Occasional Laborer 1,101   | 4 <u>Town Hall</u> 190,835<br>Expense 92,800<br><br><br>Salary 98,035<br>15 hrs Custodian (shared with Library) 10,451<br>Clothing Allowance 244<br>Permitting Officer 41,250<br>Administrative Assistant 42,015<br>Longevity 500<br>Summer Intern 3,575 | 4 <u>Public Buildings</u> 178,985<br>Expense 92,800<br>Hamilton Town Hall vacant maintenance 10,000<br>Former Wenham Police Station Re-use 30,500<br>Wenham Fire Station Re-use 30,705<br><br>Salary 14,980<br>15 hrs Custodian (shared with Library) 14,736<br>Clothing Allowance 244<br>Permitting Officer (to Inspectional Services) 0<br>Administrative Assistant (to Administration) 0<br>Longevity (transferred with positions) 0<br>Summer Intern (to Administration) 0 |
| 5 | <u>Personnel Board</u><br>Expense 350  | 5 Personnel function performed by Town Admin   | 5 Personnel Board 350  |
| 6 | <u>Finance &amp; Advisory Board</u> 120,250<br>Expense 250<br>Reserve 120,000  | 6 <u>Finance Committee</u> 150,250<br>Expense 250<br>Reserve 150,000   | 6 <u>Finance Committee</u> 175,250<br>Expense 250<br>Reserve 175,000   |
| 7 | <u>Town Counsel</u> 71,000<br>Expense 50,000<br>Salary (retainer) 21,000   | 7 <u>Legal</u> 22,000<br>Expense 22,000  | 7 <u>Legal Counsel</u> 93,000<br>Expense 93,000  |
| 8 | <u>Town Clerk</u> 98,200<br>Expenses 4,500<br>Salary 93,700<br>Town Clerk 56,670<br>30 hrs Admin Assistant 34,155<br>PT Clerk/Typist 1,395<br>Professional Stipend 1,000<br>Longevity 480  | 8 <u>Town Clerk</u> 47,466<br>Expense 1,400<br>Salary 46,066<br>Town Clerk 45,766<br><br>Longevity 300   | 8 <u>Town Clerk</u> 107,756<br>Expense 5,900<br>Salary 101,856<br>Town Clerk 56,663<br>Administrative Assistant 42,693<br><br>Professional Stipend 1,000<br>Longevity 1,500  |

|                      |  |   |    |   |   |    |  |   |
|----------------------|--|---|----|---|---|----|--|---|
| 9                    | <u>Elections &amp; Registration</u><br>Expense<br>Salary   | 31,496<br>29,234<br>2,262   | 9  | <u>Elections</u><br>Expense<br>Salary<br>Election Workers<br>Sec to Board of Registrar  | 20,975<br>18,025<br>2,950<br>2,800<br>150   | 9  | <u>Elections &amp; Registration</u><br>Expense<br>Salary*  | 52,471<br>47,259<br>5,212                                       |
| 10                   | <u>Veterans Benefits</u><br>Expense<br>Regional District Assessment  | 28,156<br>27,156<br>1,000   | 10 | <u>Veterans</u><br>Expense<br>Regional District Assessment  | 17,632<br>750<br>16,882   | 10 | <u>Veterans</u><br>Expense<br>Regional District Assessment   | 45,788<br>27,906<br>17,882                                      |
| 11                   | <u>Memorial Day Celebrations</u><br>Expense  | 2,000   | 11 |   |   | 11 | <u>Memorial Day Celebrations</u><br>Expense  | 2,000   |
| 12                   |  |   | 12 | <u>Historic Commission</u><br>Expense   | 300   | 12 | <u>Historic Commission</u><br>Expense  | 300   |
| 13                   |  |   | 13 | <u>Town Clock</u><br>Salary-Clockwinder   | 1,158   | 13 | <u>Town Clock</u><br>Salary-Clockwinder  | 1,158   |
| 14                   |  |   | 14 | <u>Band</u><br>Expense  | 500   | 14 | <u>Band</u><br>Expense   | 500   |
| <b>Financial</b>     |  |   |    |   |   |    |  |   |
| 15                   | <u>Finance Offices</u><br>Expense<br>Salary<br><br><u>Accountant</u><br>Expense<br>Salary<br><br>Town Accountant/Finance Director<br>25 hrs Assistant Town Accountant    | 467,127<br>74,575<br>392,552<br><br>123,798<br>9,000<br>114,798<br><br>82,146<br>32,652 | 15 | <u>Finance Offices</u><br>Expense<br>Salary<br><br><u>Accountant</u><br>Expense<br>Salary<br><br>16 hrs Town Accountant<br>17 hrs Assistant Town Accountant | 283,926<br>48,140<br>235,786<br><br>51,729<br>2,540<br>49,189<br><br>32,709<br>16,480 | 15 | <u>Finance Department</u><br>Expense (includes GASB 45)<br>Salary<br>Finance Director<br><br><br>Accountant<br>Assistant Town Accountant           | 565,470<br>122,715<br>442,755<br>25,000<br><br>66,867<br>48,977 |
|                      | <u>Treasurer &amp; Collector</u><br>Expense<br>Salary<br>Treasurer/Collector<br>Assistant Treasurer/Collector<br>25 hrs Administrative Assistant<br>Professional Stipend | 192,727<br>52,000<br>140,727<br>66,870<br>48,977<br>23,880<br>1,000                     |    | <u>Treasurer/Collector</u><br>Expense<br>Salary<br>Treasurer/Collector-Finance Director<br>Assistant Collector<br>Office Coverage<br><br>GASB 45            | 144,810<br>28,150<br>108,660<br>64,824<br>42,436<br>1,400<br><br>8,000                |    | <u>Treasurer/Collector</u><br><br>Treasurer/Collector<br>Assistant Treasurer/Collector<br>TC Administrative Assistant<br>Professional Stipend      | <br><br>66,867<br>48,977<br>42,693<br>1,000                     |
|                      | <u>Assessors</u><br>Expense<br>Salary<br>3 Assessing Board Members<br>Assessing Director<br>10 hrs Valuation Consultant<br>Administrative Assistant<br>Longevity         | 150,602<br>13,575<br>137,027<br>7,180<br>61,818<br>24,735<br>42,694<br>600              |    | <u>Assessors</u><br>Expense<br>Salary<br>3 Assessing Board Members<br>40 hrs Assessing Chief<br><br>18 hrs Assessing Clerk<br>Longevity                     | 87,387<br>9,450<br>77,937<br>0<br>59,585<br><br>18,052<br>300                         |    | <u>Assessors</u><br><br>3 Assessing Board Members<br>Director of Assessing<br>10 hrs Valuation Consultant<br>Administrative Assistant<br>Longevity | <br><br>7,180<br>66,867<br>24,735<br>42,693<br>900              |
| 16                   | <u>Computer</u><br>Expense   | 76,300  | 16 | <u>Information Technology</u><br>Expense<br>Capital   | 75,340<br>70,840<br>4,500   | 16 | <u>Information Technology</u><br>Expense<br>Salary<br>Capital  | 151,640<br>86,640<br>65,000<br>4,500                            |
| 17                   | <u>Audit</u>   | 26,500  | 17 | <u>Audit</u>  | 18,000  | 17 | <u>Audit</u>   | 44,500  |
| <b>Public Safety</b> |  |   |    |   |   |    |  |   |
| 18                   | <u>Police</u><br>Expense   | 1,397,641<br>58,500   | 18 | <u>Police &amp; Station</u><br>Expense<br>Police station expense  | 1,095,933<br>73,786<br>30,500   | 18 | <u>Police</u><br>Expense<br>Wenham Police station (transferred to Public Buildings)  | 1,979,435<br>132,286<br>0                                       |

|    |                                 |                |                                   |                |   |                  |
|----|---------------------------------|----------------|-----------------------------------|----------------|---|------------------|
|    | Salary                          | 1,329,474      | Salary                            | 958,647        | Salary  | 1,804,482        |
|    | Chief                           | 91,756         | Chief                             | 81,078         | Salaries & Other Compensation                         | 1,477,678        |
|    | Lieutenant                      | 59,061         | Captain                           | 75,770         | OT, Holiday & Reserves                                | 230,245          |
|    | 3 Sergeants                     | 163,008        |                                   |                | Night/Evening Differential                            | 50,811           |
|    |                                 |                | 2 Sergeants                       | 117,003        | Administrative  | 45,748           |
|    | 10 Patrol                       | 472,490        | 1 Detective                       | 51,373         |   |                  |
|    | Longevity                       | 56,463         | 5 Patrol                          | 240,037        |   |                  |
|    |                                 |                | Longevity                         | 1,450          |   |                  |
|    | Quinn                           | 156,748        | Merit Steps                       | 13,325         |   |                  |
|    | Reserves & OT                   | 185,430        | Quinn                             | 82,210         |   |                  |
|    | 20 hrs Administrative Assistant | 19,349         | Reserves                          | 200,000        |   |                  |
|    | 4 hrs Payroll Assistant         | 3,870          | 35.6 hrs Administrative Assistant | 41,351         |   |                  |
|    | Holiday Pay                     | 20,870         | (shared with Fire)                |                |   |                  |
|    | Nights & Evenings Differential  | 25,136         | Nights & Evenings Differential    | 25,675         |   |                  |
|    | EMT Stipends                    | 55,436         | EMT Stipends                      | 4,500          |   |                  |
|    | Uniforms                        | 19,857         | Uniforms                          | 24,875         |   |                  |
|    | Shared Lease (cruiser)          | 9,667          |                                   |                | Shared Lease (cruiser)                                | 9,667            |
|    |                                 |                | Capital (exclusion)               | 33,000         | Capital (exclusion)                                   | 33,000           |
| 19 | <u>Public Safety Building</u>   | <u>84,390</u>  | 19                                |                | 19 <u>Public Safety Building</u>                      | <u>84,390</u>    |
|    | Expense                         | 70,000         |                                   |                | Expense   | 70,000           |
|    | Salary                          | 14,390         |                                   |                | Salary  | 14,390           |
|    | 16 hrs Custodian                | 14,390         |                                   |                | 16 hrs Custodian                                      | 14,390           |
| 20 | <u>Emergency Management</u>     | 3,250          | 20 <u>Emergency Management</u>    | 1,500          | 20 <u>Emergency Management</u>                        | 4,750            |
| 21 | <u>Animal Control</u>           | <u>11,400</u>  | 21 <u>Animal Control</u>          | <u>13,731</u>  | 21 <u>Animal Control</u>                              | <u>18,750</u>    |
|    | Expense                         | 3,000          | Expense                           | 750            | Expense   | 3,750            |
|    | Salary                          | 8,400          | Salary                            | 12,981         | Salary  | 15,000           |
|    | Animal Services                 | 8,400          |                                   |                | Animal (all stipends ) Control                        | 15,000           |
|    |                                 |                | Animal Control Officer stipend    | 6,775          |   |                  |
|    |                                 |                | Deer Control Officer stipend      | 3,116          |   |                  |
|    |                                 |                | Beaver Control Officer stipend    | 3,090          |   |                  |
| 22 | <u>Fire</u>                     | <u>558,730</u> | 22 <u>Fire &amp; Station</u>      | <u>485,816</u> | 22 <u>Fire</u>  | <u>1,013,841</u> |
|    | Expense                         | 50,000         | Expense                           | 104,123        | Expense   | 154,123          |
|    |                                 |                | Fire Station expense              | 30,705         | Wenham Fire station (transferred to Public Buildings) | 0                |
|    | Salary                          | 459,063        | Salary                            | 327,988        | Salary  | 787,051          |
|    | Chief                           | 91,755         | 30 hrs Chief                      | 57,564         | Salaries & Other Compensation                         | 402,602          |
|    | Deputy Chief (stipend)          | 13,032         | Deputy Chief stipend              | 8,705          | OT & On-Call  | 384,449          |
|    |                                 |                | 2 Captain stipends                | 10,000         |   |                  |
|    | Fire Inspector                  | 56,663         | 5 Lieutenant stipends             | 15,000         |   |                  |
|    | 2 Firefighters                  | 92,558         | Fire Prevention Officer           | 56,325         |   |                  |
|    | EMT Stipends                    | 7,758          |                                   |                |   |                  |
|    | Training                        | 48,216         | EMT Stipends                      | 6,000          |   |                  |
|    | OT                              | 10,043         |                                   |                |   |                  |
|    |                                 |                | 4.4 hrs Administrative Assistant  | 5,110          |   |                  |
|    |                                 |                | (shared with Police)              |                |   |                  |
|    | Building Inspector Stipend      | 42             | Caretaker of Apparatus stipend    | 14,840         |   |                  |
|    | Electrical Inspector Stipend    | 838            |                                   |                |   |                  |
|    | On-Call                         | 138,158        | Forest Warden stipend             | 1,344          |   |                  |
|    |                                 |                | On-Call                           | 150,000        |   |                  |
|    |                                 |                | Longevity                         | 3,100          |   |                  |

|                                |   |  |  |  |  |   |
|--------------------------------|---|--|--|--|--|---|
|                                | Capital<br>Shared Lease (pickup)  | 40,000<br>9,667  | Capital (exclusion)  | 20,000   | Capital<br>Shared Lease (pickup)   | 60,000<br>9,667   |
|                                |   |  | Fire Alarm Systems   | 3,000  | Fire Alarm Systems   | 3,000   |
| 23                             | <u>Ambulance</u><br>Expense   | 35,000   | 23 <u>Ambulance</u><br>Expense   | 48,980   | 23 <u>Ambulance</u><br>Expense   | 83,980  |
| <b>Planning and Inspection</b> |   |  |  |  |  |   |
| 24                             | <u>Planning Board</u><br>Expense<br>Salary<br>26 hrs Coordinator<br>Clerk stipend (shared with Admin.)  | <u>37,618</u><br>2,400<br>35,218<br>33,306<br>1,912  | 24 <u>Planning</u><br>Expense<br>Salary<br>Clerk stipend   | <u>2,045</u><br>500<br>1,545<br>1,545  | 24 <u>Planning</u><br>Expense<br>Salary<br>26 hrs Coordinator<br>Clerk stipend   | <u>38,118</u><br>2,900<br>35,218<br>33,306<br>1,912   |
| 25                             | <u>Conservation Commission</u><br>Expense<br>Salary<br>20 hrs Conservation Coordinator  | <u>27,020</u><br>1,400<br>25,620<br>25,620   | 25 <u>Conservation</u><br>Expense<br>Salary<br>19.5 hrs Conservation Agent   | <u>25,724</u><br>3,759<br>21,965<br>21,965   | 25 <u>Conservation</u><br>Expense<br>Salary<br>20 hrs Coordinator  | <u>30,778</u><br>5,159<br>25,619<br>25,619  |
| 26                             | <u>Chebecco Woods</u><br>Expense  | 1,600  | 26   |  | 26 <u>Chebecco Woods</u><br>Expense  | 1,600   |
| 27                             |   |  | 27 <u>Iron Rail</u><br>Expense<br>Salary<br>2.25 hrs Custodian<br>Capital  | <u>53,439</u><br>46,557<br>1,882<br>1,882<br>5,000   | 27 <u>Iron Rail</u><br>Expense<br>Salary<br>2.25 hrs Custodian<br>Capital  | <u>53,439</u><br>46,557<br>1,882<br>1,882<br>5,000  |
| 28                             | <u>Inspectional Services</u><br>Expense<br>Salary<br><br>Building Inspector stipend<br>Assistant Building Inspector stipend<br>Administrative Assistant<br>Longevity<br><br>Electrical Inspector stipend<br>Assistant Electrical Inspector stipend<br><br>Plumbing/Gas Inspector stipend<br>Assistant Plumbing/Gas Inspector stipend<br>Sealer Weights & Measures stipend | <u>110,161</u><br>10,000<br>100,161<br><br>26,000<br>809<br>42,694<br>900<br><br>13,147<br>809<br><br>13,147<br>809<br>1,846 | 28 <u>Total</u><br>Expense<br>Salary<br><br>Building Inspector<br>Expense<br>Salary<br>Building Inspector stipend<br>Assistant Building Inspector stipend<br><br>Electrical Inspector<br>Expense<br>Salary<br>Electrical Inspector stipend<br><br>Plumbing/Gas Inspector<br>Expense<br>Salary<br>Plumbing/Gas Inspector stipend<br><br>Tree/Pest Control<br>Expense<br>Salary<br>Tree Warden stipend | <u>60,679</u><br>24,211<br>36,468<br><br><u>20,076</u><br>200<br>19,876<br>18,276<br>1,600<br><br><u>11,249</u><br>450<br>10,799<br>10,799<br><br><u>4,627</u><br>300<br>4,327<br>4,327<br><br><u>24,727</u><br>23,261<br>1,466<br>1,466 | 28 <u>Inspectional Services</u><br>Expense<br>Salary<br><br>Building Inspector<br>Assistant Building Inspector<br>Administrative Assistant<br>(or Permitting Officer)<br>Longevity<br><br>Electrical Inspector<br>Assistant Electrical Inspector<br><br>Plumbing/Gas Inspector<br>Assistant Plumbing/Gas Inspector<br>Sealer Weights & Measures<br><br>Tree/Pest Control<br>Expense<br>Salary<br>Tree Warden stipend | <u>175,028</u><br>34,211<br>140,817<br><br>44,276<br>2,409<br>46,882<br>900<br><br>23,946<br>809<br><br>17,474<br>809<br>1,846<br><br>23,261<br>1,466 |
| 29                             | <u>Board of Appeals</u>   | <u>1,649</u>   | 29 <u>Board of Appeals</u><br>Expense  | <u>1,015</u><br>500  | 29 <u>Board of Appeals</u><br>Expense  | <u>2,664</u><br>500   |

|    |  |                |   |                |   |                  |
|----|--|----------------|---|----------------|---|------------------|
|    | Board of Appeals Chair stipend                 | 1,649          | Salary  | 515            | Salary                                      | 2,164            |
|    |  |                | Clerk stipend                                   | 515            | Board of Appeals Chair Clerk                | 1,649<br>515     |
| 30 | <u>Board of Health</u>                         | <u>97,191</u>  | 30 <u>Board of Health</u>                       | <u>24,450</u>  | 30 <u>Board of Health</u>                   | <u>121,520</u>   |
|    | Expense  | 14,383         | Expense   | 5,800          | Expense                                     | 20,183           |
|    | Salary   | 82,808         | Salary  | 18,650         | Salary                                      | 101,337          |
|    | Board Chair                                    | 856            |   |                | Board Chair                                 | 856              |
|    | 2 Board Members                                | 970            | 3 Board Members                                 | 120            | 2 Board Members                             | 970              |
|    | PT Health Agent                                | 28,433         | Health Agent Contract                           | 16,300         | PT Health Agent                             | 44,733           |
|    | Administrative Assistant                       | 42,694         |   |                | Administrative Assistant                    | 42,693           |
|    | Administrative Assistant stipend               | 2,824          |   |                | Administrative Assistant stipend            | 2,824            |
|    | Clerk/Typist stipend (shared with Admin.)      | 1,721          |   |                | Clerk/Typist stipend (shared with Admin.)   | 1,721            |
|    | Animal Inspector                               | 3,999          | Animal Health Inspector                         | 2,230          | Animal Inspector                            | 6,229            |
|    | Assistant Animal Inspector                     | 411            |   |                | Assistant Animal Inspector                  | 411              |
|    | Longevity                                      | 900            |   |                | Longevity                                   | 900              |
|    |  |                | <b>Public Works</b>                             |                |   |                  |
| 31 | <u>DPW-Parks-Cemetery</u>                      | <u>885,550</u> | 31 <u>DPW-Parks-Cemetery</u>                    | <u>806,136</u> | 31 <u>DPW</u>                               | <u>1,642,653</u> |
|    | Expense  | 305,550        | Expense   | 234,970        | Expense                                     | 540,520          |
|    | Salary   | 570,334        | Salary  | 471,166        | Salary                                      | 992,467          |
|    | Lease/Capital                                  | 9,666          | Lease/Capital                                   | 100,000        |   |                  |
|    | <u>Highway/DPW</u>                             | <u>740,490</u> | <u>Highway</u>                                  | <u>574,909</u> |   |                  |
|    | Expense  | 270,450        | Expense   | 109,720        |   |                  |
|    | Salary   | 460,374        | Salary  | 465,189        |   |                  |
|    | Director                                       | 91,755         | Director  | 79,248         | Director                                    | 91,755           |
|    | Foreman  | 50,425         | 24 hrs Foreman (shared with Water)              | 36,068         | Assistant Director                          | 79,248           |
|    | 10 hrs Foreman-2 (shared with Parks)           | 11,510         |   |                | 2 Foreman                                   | 119,014          |
|    | Mechanic                                       | 50,425         | 16 hrs Mechanic (shared with Water)             | 20,872         | Mechanic                                    | 50,425           |
|    |  |                | EO w/licenses                                   | 50,324         | 16 hrs Mechanic (shared with Water)         | 20,872           |
|    | 2 HE Operators                                 | 84,400         | 3 Equipment Operators                           | 137,813        | EO w/added licenses                         | 50,324           |
|    | 2 Driver Operators                             | 81,306         | 2 Driver Operators                              | 86,038         | 5 Equipment Operators                       | 230,094          |
|    | Driver Operator (35.2 weeks shared with Parks) | 27,484         |   |                | 5 Driver Operators                          | 214,226          |
|    | Administrative Assistant                       | 42,694         | 19 hrs Office Administrator (shared with Water) | 17,576         | Administrative Assistant                    | 42,693           |
|    | Summer Wages                                   | 3,000          | Summer Wages                                    | 17,600         | Summer Wages                                | 37,640           |
|    | Longevity                                      | 4,500          | Longevity                                       | 1,800          | Longevity                                   | 8,100            |
|    | OT   | 12,875         | OT  | 12,000         | OT  | 37,415           |
|    |  |                | Clothing  | 5,850          | Clothing                                    | 10,660           |
|    | Shared Lease (pickup)                          | 9,666          |   |                | Shared Lease (pickup)                       | 9,666            |
|    |  |                | Capital (exclusion)                             | 100,000        | Capital (exclusion)                         | 100,000          |
|    |  |                | <u>Vehicle Maintenance</u>                      | -              | Vehicle Maintenance (included in DPW total) |                  |
|    |  |                | Expense   | 47,500         |   |                  |
|    |  |                | <u>Gasoline &amp; Oil</u>                       | -              | Gasoline & Oil (included in DPW total)      |                  |
|    |  |                | Expense   | 70,500         |   |                  |
|    | <u>Park Department</u>                         | <u>67,930</u>  | <u>Parks</u>                                    | <u>6,850</u>   | Parks (included in DPW)                     | 0                |
|    | Expense  | 14,000         | Expense   | 3,050          |   |                  |
|    | Salary   | 53,930         | Salary  | 3,800          |   |                  |
|    | 30 hrs Foreman (shared with Highway)           | 34,531         |   |                |   |                  |
|    | Driver Operator (17 weeks shared with Highway) | 13,274         | Lifeguard                                       | 3,800          |   |                  |
|    | OT   | 5,225          |   |                |   |                  |
|    | Summer Wages                                   | 0              |   |                |   |                  |
|    | Longevity                                      | 900            |   |                |   |                  |



|    |  |  |   |
|----|--|--|---|
|    | <u>Cemetery</u><br>Expense 9,100<br>Salary 56,030<br>Foreman-2 (39.2 weeks shared with Water) 34,575<br>Seasonal Wages 13,240<br>Longevity 900<br>OT 7,315<br>ATM Article 2-11 A (Sale of Lots and Graves) 2,000<br>ATM Article 2-11 B (Perpetual Care) 10,000   | <u>Cemetery</u><br>Expense 4,200<br>Salary 2,177<br>Burial Agent stipend 2,177   | Cemetery (included in DPW) 0  |
| 32 | <u>Water Enterprise</u><br>Expense 227,000<br>Salary 230,155<br>Foreman 50,426<br>Foreman-2 (13 wks Water/39 wks Cemetery) 11,466<br>Water Plant Operator 50,426<br>Driver/Operator 36,808<br>Administrative Assistant 42,694<br>Longevity 2,400<br>OT 35,935<br>Water Emergency Fund 47,000<br>Water Debt (50% paid from GF) 148,000<br>Capital Projects 60,800 | <u>Water</u><br>Expense 118,532<br>Salary 142,066<br>4 Board Members 4<br>Superintendent 69,551<br>16 hrs Foreman (shared with Highway) 22,718<br>24 hrs Water Operator (shared with Highway) 28,725<br>13.5 hrs Administrative Assistant (shared with Highway) 12,168<br>Longevity 400<br>Weekends & OT 6,900<br>Clothing 800<br>Summer PT Help 800<br>Debt 124,285<br>Capital 87,000 | <u>Water Enterprise</u><br>Expense 345,532<br>Salary 273,400<br>Water Foreman 59,507<br>Water Plant Operator 50,426<br>24 hrs Water Operator (shared w/ DPW) 29,553<br>Driver/Operator 42,845<br>Administrative Assistant 42,693<br>Longevity 2,400<br>Weekends & OT 42,835<br>Clothing 2,340<br>Summer PT Help 800<br>Water Emergency Fund 47,000<br>Debt 272,285<br>Capital 147,800 |
| 33 | <u>Snow Removal</u><br>Expense 62,500<br>Salary 46,600   | <u>Snow</u><br>Expense 62,300<br>Salary 36,050   | <u>Snow</u><br>Expense 124,800<br>Salary 82,650   |
| 34 | <u>Street Lights</u><br>Expense 46,000   | <u>Street Lighting</u><br>Expense 48,000   | <u>Street Lighting</u><br>Expense 94,000  |
| 35 | <u>Sanitation Collection &amp; Disposal</u><br>Expense 96,550  | <u>Rubbish/Garbage</u><br>Expense 256,500  | <u>Waste Collection &amp; Disposal</u><br>Expense 353,050   |
| 36 | <u>Waste Reduction Enterprise (Recycling)</u><br>Expense 327,800   | 36   | <u>Waste Reduction Enterprise (Recycling)</u><br>Expense 327,800  |
| 37 | <u>Debt</u><br>Expense 869,121<br>Joint Library 178,998<br>Water (50% paid from Water Fund) 147,765<br>Police/Fire Station 542,358   | <b>Fixed Costs and Other Amounts to be Raised</b><br><u>Debt</u><br>Expense 671,662<br>Joint Library 136,946<br>Police station 246,917<br>Fire trucks 96,233<br>Town Hall (not including CPA issue) 160,466<br>Iron Rail boiler 11,100<br>Culvert BANS 20,000  | <u>Debt</u><br>Expense 1,540,783<br>Joint Library 315,944<br>Water 147,765<br>Police/Fire Station 542,358<br>Fire trucks 96,233<br>Town Hall 160,466<br>TH/Police project 246,917<br>Iron Rail boiler 11,100<br>Culvert BANS 20,000   |
| 38 | <u>Essex County Retirement</u><br>Expense 505,612  | <u>Essex County Retirement</u><br>Expense 341,586  | <u>Essex County Retirement</u><br>Expense 778,171   |

|    |   |   |  |   |  |    |   |  |
|----|---|---|--|---|--|----|---|--|
| 39 | <u>Group Health/Life Insurance</u><br>Expense   | 697,229   | 39                                     | <u>Employee Benefits</u><br>Expense   | 613,818  | 39 | <u>Employee Benefits</u><br>Expense   | 1,238,865  |
| 40 | <u>FICA/Medicare/Unemployment</u><br>Expense  | 44,100  | 40                                     | <u>FICA/Medicare</u><br>Expense   | 35,761   | 40 | <u>FICA/Medicare</u><br>Expense   | 69,409   |
| 41 | <u>General Insurance</u><br>Expense   | 162,325   | 41                                     | <u>General Insurance</u><br>Expense   | 128,169  | 41 | <u>General Insurance</u><br>Expense   | 285,927  |
| 42 | <u>Other Amounts to be Raised (Recap)</u><br>Cherry Sheet offsets<br>Community Preservation Act<br>State and County Cherry Sheet Charges<br>Overlay | 862,680<br>12,318<br>444,500<br>243,292<br>162,570          | 42                                     | <u>Other Amounts to be Raised (Recap)</u><br>Cherry Sheet offsets<br>Community Preservation Act<br>State and County Cherry Sheet Charges<br>Overlay   | 287,172<br>8,247<br>8,760<br>120,165<br>150,000  | 42 | <u>Other Amounts to be Raised (Recap)</u><br>Cherry Sheet offsets<br>Community Preservation Act<br>State and County Cherry Sheet Charges<br>Overlay   | 1,149,851<br>20,565<br>453,260<br>363,457<br>312,570   |
|    |   |   | <b>Existing Regionalized Functions</b> |   |  |    |   |  |
| 43 | <u>Emergency Report Center</u><br>Expense<br>Salary<br>6 FT<br>.4 PT<br>OT  | 334,495<br>32,722<br>301,773<br>243,102<br>38,502<br>20,169 | 43                                     | <u>Emergency Center Operations</u><br><br><br><br><br><br>  | 0<br>0<br><br><br><br><br>   | 43 | <u>Emergency Center Operations</u><br>Expense<br>Salary<br>6 FT<br>6 PT<br>OT   | (H. Exp<br>Report)<br>334,495<br>32,722<br>301,773<br>243,102<br>38,502<br>20,169  |
| 44 | <u>Hamilton-Wenham RSD</u><br>Expense<br><br>Debt   | 15,860,621<br>15,116,019<br>744,602                         | 44                                     | <u>Hamilton-Wenham RSD</u><br>Expense<br><br>Debt   | 7,402,243<br>7,024,859<br>377,384  | 44 | <u>Hamilton-Wenham Schools</u><br>Expense<br>Transportation aid impact<br>Debt  | 23,811,049<br>22,140,878<br>548,185<br>1,121,986   |
| 45 | <u>North Shore Regional Voc</u><br>Expense  | 145,850   | 45                                     | <u>Regional Voc School</u><br>Expense   | 33,564   | 45 | <u>Regional Voc School</u><br>Expense   | 179,414  |
| 46 | <u>Council on Aging</u><br>Expense  | 10,380<br>10,380  | 46                                     | <u>Council on Aging</u><br>Expense/Recreation Bldg<br>Salary<br>14.5 hr Director (also COA Van supr)<br>Outreach Worker   | 20,367<br>11,300<br>9,067<br>8,067<br>1,000  | 46 | <u>Council on Aging</u><br>Expense<br>Salary<br>14.5 hr Director (also COA Van supr)<br>Outreach Worker   | 30,747<br>21,680<br>9,067<br>8,067<br>1,000  |
| 47 | <u>Elder Van Program (see below)</u>  | 0   | 47                                     | <u>COA Van</u><br>Expense<br>Salary<br>14 hrs Van Supervisor (also COA director)<br>12 hr Van Dispatcher<br>3 PT Drivers  | 56,192<br>9,800<br>46,392<br>11,444<br>11,393<br>23,555  | 47 | <u>COA Van</u><br>Expense<br>Salary<br>14 hrs Van Supervisor (also COA director)<br>12 hr Van Dispatcher<br>3 PT Drivers  | 56,192<br>9,800<br>46,392<br>11,444<br>11,393<br>23,555  |
| 48 | <u>Library (see below)</u>  | 0   | 48                                     | <u>Library</u><br>Expense<br>Salary<br>Director<br>Head Reference<br>Circulation/ILL<br>Young Adult<br>Children's Librarian<br>Circulation<br>Administrative Librarian<br>Technical Services<br>8 PT Support Staff<br>19 hr Clerical Assistant<br>25 hr Custodian (shared with TH)<br>4 PT Shelves<br>Clothing<br><br>Capital | 701,227<br>242,843<br>458,384<br>63,006<br>36,327<br>35,311<br>35,316<br>35,313<br>40,115<br>35,107<br>46,283<br>75,952<br>14,934<br>31,597<br>8,635<br>488<br>4,900 | 48 | <u>Library</u><br>Expense<br>Salary<br>Director<br>Head Reference<br>Circulation/ILL<br>Young Adult<br>Children's Librarian<br>Circulation<br>Administrative Librarian<br>Technical Services<br>8 PT Support Staff<br>19 hr Clerical Assistant<br>25 hr Custodian (shared with TH)<br>4 PT Shelves<br>Clothing<br><br>Capital | 701,227<br>242,843<br>458,384<br>63,006<br>36,327<br>35,311<br>35,316<br>35,313<br>40,115<br>35,107<br>46,283<br>75,952<br>14,934<br>31,597<br>8,635<br>488<br>4,900 |
| 49 | <u>Recreation</u><br>Expense<br>Salary  | 82,311<br>0<br>82,311                                       |  |   |  | 49 | <u>Recreation (Hamilton expense report)</u><br>Expense<br>Salary  | 82,311<br>0<br>82,311  |

|    |                                     |                   |    |  |                   |
|----|-------------------------------------|-------------------|----|--|-------------------|
|    | Director                            | 48,895            |    | Director                               | 48,895            |
|    | Administrative Assistant            | 23,250            |    | Administrative Assistant               | 23,250            |
|    | 10 hrs custodian (shared w/TH)      | 9,848             |    | 10 hrs custodian (shared w/TH)         | 9,848             |
|    | Longevity                           | 318               |    | Longevity                              | 318               |
| 50 | <b>FY2009 TOTAL BUDGET</b>          | <b>25,323,295</b> | 50 | <b>FY2009 TOTAL BUDGET</b>             | <b>14,730,142</b> |
|    |                                     |                   | 50 | <b>TOTAL</b>                           | <b>39,300,998</b> |
| 51 | <u>Other Adjustments</u>            |                   | 51 | <u>Other Adjustments</u>               |                   |
|    | Public Buildings buyback            | 2,654             |    | Public Buildings buyback               | 2,654             |
|    |                                     |                   |    | Water buyback                          | 39,277            |
|    | Recreation buyback                  | 885               |    | Retirement buyouts                     | 885               |
|    | Elder Program Van assessment        | 36,300            |    | Elder Program Van assessment           | 36,300            |
|    | Library assessment                  | 592,785           |    | Library assessment                     | 592,785           |
|    | Snow and Ice deficit                | 131,083           |    | Snow and Ice deficit                   | 131,083           |
|    |                                     |                   |    | Emergency Center Operations assessment | 178,096           |
|    |                                     |                   |    | Recreation assessment                  | 48,722            |
|    |                                     |                   |    | Overlay deficit                        | 24,106            |
|    |                                     |                   |    | FY2008 appropriations                  | 703,000           |
|    |                                     |                   |    | Chapter 90 project                     | 115,454           |
|    |                                     |                   |    |  |                   |
|    | Transfer funds to Conservation Fund | 10,494            |    | Transfer funds to Conservation Fund    | 10,494            |
|    | Community Preservation Act Projects | 267,500           |    | Community Preservation Act Projects    | 989,453           |
| 51 | <b>FY2009 Recap Amount</b>          | <b>26,364,996</b> | 51 | <b>FY2009 Recap Amount</b>             | <b>16,560,749</b> |
|    |                                     |                   | 51 | <b>FY2009 Recap Amount</b>             | <b>42,173,306</b> |

## Appendix C (continued): Regionalization Budget Line-Item Adjustment Narrative

The following narrative explains the transition from individual town departments to departments in a merged Hamilton-Wenham municipal government. Included are offices, functions and positions where an appropriation was approved in the Hamilton or Wenham FY2009 budgets.

1. Moderator - The Wenham \$50 stipend for the moderator is carried forward. Cost result: \$0
2. Selectmen - The number of selectmen are increased from three in each town to five in the merged community. Stipends are currently provided to board chair and two members in each town, but differ in amounts. They are continued at the higher rate. The compensation for a 12-hour clerk and a 2-hour clerk in Hamilton is retained, but is moved to the administration budget. Expenses and costs for the annual report are added together and carried forward. Cost result: \$2,383 reduction
3. Town Administration - The administration office is intended to include all personnel fulfilling executive office type functions. It includes the town manager and a new position of assistant town manager. An administrative assistant was shifted here from the Wenham town hall budget rather than the assistant to the town administrator in Hamilton because it is the higher salaried position. As noted, the 12-hour clerk and 2-hour clerk in Hamilton selectmen's office are brought into this office at their current pay rate. The Wenham summer intern is also included here. Compensation for the town manager and the assistant town manager are set higher and lower, respectively, compared to current town administrators salaries. Expenses are added together and carried forward, with the exception that deferred compensation appropriated in the Wenham town administrator budget is disregarded as a non-recurring expenditure. Cost result: \$16,678 increase
4. Public Buildings/Town Hall - We have concluded that a merged town government would operate out of the Wenham town hall without an increase in costs. Therefore, the Wenham appropriation for town hall expenses and the custodian are brought forward. As noted, the administrative assistant and summer intern are reassigned to the administration office. Also, the permitting officer is moved to inspectional services. The Hamilton town hall is vacated and its appropriation is eliminated, but the building still needs to be secured and minimally maintained. We have added \$10,000 for these purposes. Cost result: \$121,424 reduction
5. Personnel Board - Although we expect that the assistant town manager will fulfill the personnel director function, this board and its \$350 expense is retained. Cost result: \$0
6. Finance and Advisory Committee - This committee continues to function with a reserve fund adjusted to \$175,000. In FY2009, Hamilton and Wenham appropriated a reserve of \$120,000 and \$150,000, respectively. Expenses are budgeted at \$250 which equals the amount provided to each individual committee. Cost result: \$95,250 reduction
7. Legal - In FY2009, Hamilton appropriated a legal salary of \$21,000 and expenses of \$50,000, while Wenham appropriated for a legal expenditure of \$22,000. It is common for unanticipated legal costs to occur in any town and we would expect this pattern to continue. Therefore, no change was made to the legal cost budget. Cost result: \$0
8. Town Clerk - One town clerk position is eliminated. The 30-hour administrative assistant and the clerk typist in the Hamilton town clerk's office are combined into a single full-time position. Longevity pay is carried forward, as is the \$1,000 professional stipend. Expenses are added together and included. Cost result: \$37,910 reduction
- 9-14. Each town's total appropriation for 9. Elections and Registration, 10. Veterans, 11. Memorial Day celebration, 12. Historic Commission, 13. Town Clockwinder, and 14. Band is included in the budget for the merged community. Cost result: \$0
15. Finance Department - Eliminated are one finance director, one accountant, one treasurer/collector and one chief or principal assessor positions. Remaining positions are full-time. Part-time assistant accountants are made full-time. A 25-hour position in the treasurer/collector's office is eliminated as is an 18-hour assessing assistant. Cost result: \$185,583 reduction

16. Information Technology - In separate budgets, the two towns appropriated \$151,640 in total for technology purposes in FY2009. Each town funds a separate contract for the same technology support consultant. We allocate expenses money to fund a \$65,000 salary for an in-house technology support person and budget the remaining \$82,140 of the original combined appropriation for technology related expenditures. Cost result: \$0
17. Audit - In FY2009, Hamilton budgeted \$26,500 for its outside audit and Wenham budgeted \$18,000. The combined total is brought forward. Cost result: \$0
18. Police Department - Cost Result: \$514,139 reduction
19. Public Safety Building - Assuming merged police and fire departments will locate at the recently constructed Hamilton public safety building, salaries and expenses associated with its maintenance are brought forward. Cost result: \$0
20. Emergency Management - Expenses are brought forward. Cost result: \$0
21. Animal Control - Expenses are brought forward. Hamilton pays \$8,400 for animal services and Wenham pays \$12,981 in stipends for one person who serves as animal, beaver and deer control officer. All functions are combined in a single position with a salary of \$15,000. Cost result: \$6,381 reduction
22. Fire Department - Cost Result: \$30,705 reduction
23. Ambulance - Even if police and fire personnel are first responders and provide basic life support, we would expect the town to enter a contract with an ambulance service to provide advanced life support and transportation services. Cost result: \$0
24. Planning - Expenses are brought forward. Compensation for a 26-hour coordinator and one clerk stipend are also carried forward. Cost result: \$1,545 reduction
25. Conservation Commission - Each town has a 20-hour conservation agent or coordinator. We envision the position remaining a 20-hour, part-time in a merged town and have assigned it the higher of towns' compensation. Cost result: \$21,966 reduction
26. Chebecco Woods - Carried forward as is. Cost result: \$0
27. Iron Rail - Carried forward as is as. Cost result: \$0
28. Inspectional Services - We have created a consolidated inspectional services department which would also budget for Wenham's Tree Warden/Pest Control position. All expenses from the individual town budgets are brought forward without change. The permitting officer in the Wenham town hall budget is moved to the inspectional services department to provide administrative support. The higher salary or stipend from each town is also used in the merged budget. Cost result: \$30,023 reduction
29. Board of Appeals - Combined from each individual budget and carried forward. Cost result: \$0
30. Board of Health - Expenses from the two town budgets are combined and brought forward. Otherwise, the budget for the Hamilton health department is brought forward. Cost result: \$121 reduction
31. Public Works - A consolidated DPW operation includes highway, parks, cemetery and general public works services. Expenditures for vehicle maintenance and gasoline are added into the expense budget. We create an assistant director position, and eliminate positions, overall. Cost result: \$49,033 reduction
32. Water - The water superintendent position is eliminated with the expectation that a water department and plant operators can oversee operations. A 16-hour foreman and a 13.5-hour administrative assistant are also cut. Expenses are brought forward as is debt service. Cost result: \$98,821 reduction
33. Snow - Combined from each individual budget and carried forward. Cost result: \$0
34. Street Lighting - Combined from each individual budget and carried forward. Cost result: \$0

35. Rubbish/Garbage - Combined from each individual budget and carried forward. Cost result: \$0
36. Waste Reduction Enterprise - Brought forward from the Hamilton budget. Cost result: \$0
37. Debt - All obligations are brought forward. Cost result: \$0
- 38-41. Through the combination of a reduction in staff positions and changes in salaries, town contributions are reduced for 38. Essex County Retirement, 39. Employee Benefits, 40. FICA/Medicare, and 41. General Insurance. Cost result: \$156,228 reduction
42. Other Amounts to be Raised - These are town obligations that are not provided for in the annual budget, but are included on the Tax Recap Sheet. They are brought forward without change. Cost result: \$0
43. Emergency Center Operations (joint) - Brought forward from the Hamilton budget. Cost result: \$0
44. Regional School District - With the dissolution of the Hamilton-Wenham regional school district, the towns will have to absorb the loss of \$548,185 in state transportation reimbursements. Cost result: \$548,185 increase
45. Regional Voc-Ed School - No changes. Cost result: \$0
46. Council on Aging - While there are no traditional senior centers, senior services are offered in each town at specific locations. If the programs were to merge, it is our understanding that the former Hamilton library would be the better location. With a larger population to service, expenses as well as salaries for staff are brought forward without change. Cost result: \$0
47. Council on Aging Van (joint) - Brought forward from the Wenham budget. Cost result: \$0
48. Library (joint) - Brought forward from the Wenham budget. Cost result: \$0
49. Recreation (joint) and Recreation Building (Wenham) - Joint recreation program salaries are brought forward from the Hamilton budget and \$4,000 in recreation building maintenance is from the Wenham budget. Cost result: \$0
50. Total Budget - When the combined FY2009 budgets of Hamilton and Wenham are compared to the projected budget for a merged town, a savings of \$752,438 is indicated.

## Appendix D: Full Merger Comparable Towns

| Municipality  | Est. 2007<br>pop. | 1999 Income<br>per Capita | EQV per<br>capita | Land SQ<br>Miles | FY09<br>Budget    | Road<br>Miles | Parcels      | Budget<br>per capita | Avg. SF<br>Tax Bill | Rank | Bond<br>Rating |
|---|-------------------|---------------------------|-------------------|------------------|-------------------|---------------|--------------|----------------------|---------------------|------|----------------|
| HAMILTON (RSD)  | 8,188             | 33,222                    | 200,347           | 14.6             | 29,501,734        | 51.81         | 2,788        | 3,603                | 7,856               | 24   | A1             |
| WENHAM (RSD)  | 4,615             | 36,812                    | 196,689           | 7.7              | 18,077,201        | 31.04         | 1,375        | 3,917                | 8,892               | 13   | Aa3            |
| <b>HAMILTON-WENHAM</b>  | <b>12,803</b>     | <b>34,516</b>             | <b>198,518</b>    | <b>22.3</b>      | <b>47,578,935</b> | <b>82.60</b>  | <b>4,163</b> | <b>3,716</b>         | <b>8,374</b>        |      |                |
| ASHLAND   | 15,796            | 31,641                    | 167,884           | 12.9             | 56,084,056        | 79.11         | 6,317        | 3,551                | 5,493               | 57   | A1             |
| GROTON (RSD)  | 10,641            | 33,877                    | 169,503           | 32.8             | 41,016,342        | 110.93        | 4,308        | 3,855                | 6,191               | 45   | A2             |
| HANOVER   | 13,966            | 30,268                    | 203,220           | 15.6             | 50,596,469        | 85.00         | 5,060        | 3,623                | 5,267               | 60   | Aa3            |
| HOLLISTON   | 13,941            | 32,116                    | 160,962           | 19.0             | 51,665,013        | 91.70         | 5,600        | 3,706                | 6,157               | 46   | A1             |
| HOPKINTON   | 14,307            | 41,469                    | 230,033           | 28.2             | 63,197,711        | 124.53        | 6,013        | 4,417                | 7,508               | 28   | Aa3            |
| IPSWICH   | 13,245            | 32,516                    | 218,823           | 32.6             | 43,280,070        | 95.99         | 5,634        | 3,268                | 5,071               | 71   | A1             |
| LITTLETON   | 8,714             | 31,070                    | 182,622           | 16.6             | 34,501,945        | 84.71         | 3,954        | 3,959                | 5,321               | 59   | A1             |
| LYNNFIELD   | 11,382            | 39,560                    | 234,164           | 10.1             | 43,165,350        | 74.52         | 4,265        | 3,792                | 6,411               | 39   | A1             |
| MEDFIELD  | 12,266            | 42,891                    | 207,826           | 14.5             | 52,994,545        | 76.70         | 4,250        | 4,320                | 8,057               | 19   | Aa2            |
| NORTH READING   | 14,021            | 30,902                    | 202,430           | 13.3             | 54,104,555        | 86.96         | 5,609        | 3,859                | 5,903               | 47   | A1             |
| NORTHBOROUGH (RSD)  | 14,611            | 32,889                    | 181,325           | 18.5             | 50,547,836        | 92.76         | 5,576        | 3,460                | 5,774               | 51   | Aa3            |
| SWAMPSCOTT  | 13,994            | 35,487                    | 197,675           | 3.1              | 53,904,989        | 46.36         | 5,442        | 3,852                | 7,534               | 27   | Aa3            |
| <b>Average</b>  | <b>13,074</b>     | <b>34,557</b>             | <b>196,372</b>    | <b>18.1</b>      | <b>49,588,240</b> | <b>87.44</b>  | <b>5,169</b> | <b>3,805</b>         | <b>6,224</b>        |      |                |
| Budgets include school costs and state aid paid directly to RSD |                   |                           |                   |                  |                   |               |              |                      |                     |      |                |

## Appendix E: Comparable Staffing Levels

| <u>Department</u>              | <b>Hamilton</b> | <b>Wenham</b> | <b>As Merged</b> | <b>Net Change</b> |
|--------------------------------|-----------------|---------------|------------------|-------------------|
| Administration                 | 2.4             | 2.0 *         | 3.4              | -1.0              |
| Public Buildings & Maintenance | 0.8             | 0.4           | 0.4              | -0.8              |
| Personnel Board                | 0.0             | 0.0           | 0.0              | 0.0               |
| Town Clerk                     | 1.8             | 1.0           | 2.0              | -0.8              |
| Finance Offices                | 6.6             | 4.6           | 7.3              | -3.9              |
| Information Technology         | 0.0             | 0.0           | 1.0              | 1.0               |
| Police                         | 15.6            | 10.9          | 22.0             | -4.5              |
| Public Safety Building         | 0.4             | 0.0           | 0.4              | 0.0               |
| Fire                           | 4.0             | 1.9           | 6.5              | 0.6               |
| Planning Board                 | 0.7             | 0.0           | 0.7              | 0.0               |
| Conservation Commission        | 0.5             | 0.5           | 0.5              | -0.5              |
| Iron Rail                      | 0.0             | 0.1           | 0.1              | 0.0               |
| Inspectional Services          | 1.0             | 1.0 **        | 1.0              | -1.0              |
| Board of Health                | 1.3             | 0.0           | 1.3              | 0.0               |
| DPW-Parks-Cemetery             | 10.8            | 8.6           | 17.4             | -1.9              |
| Water Enterprise               | 4.3             | 2.4           | 4.6              | -2.1              |
| Emergency Report Center        | 6.4             | 0.0           | 6.4              | 0.0               |
| Council on Aging               | 0.0             | 0.5           | 0.5              | 0.0               |
| Elder Van Program              | 0.0             | 1.8           | 1.8              | 0.0               |
| Library                        | 0.0             | 13.1          | 13.1             | 0.0               |
| Recreation                     | 1.8             | 0.0           | 1.8              | 0.0               |
| <b>Total</b>                   | <b>58.2</b>     | <b>48.6</b>   | <b>92.0</b>      | <b>-14.8</b>      |

\* Wenham Administration includes an administrative assistant separately listed in Town Hall budget.

\*\* Wenham Inspectional Services includes a permit officer separately listed in Town Hall budget.



## Appendix F: Inter-Municipal Agreement Statute

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### CHAPTER 40. POWERS AND DUTIES OF CITIES AND TOWNS

#### **Chapter 40: Section 4A. Governmental units; joint operation of public activities; termination of agreement; "governmental unit" defined; financial safeguards**

*First paragraph as amended by 2008, 188, Secs. 1 and 2 effective July 18, 2008.*

The chief executive officer of a city or town, or a board, committee or officer authorized by law to execute a contract in the name of a governmental unit may, on behalf of the unit, enter into an agreement with another governmental unit to perform jointly or for that unit's services, activities or undertakings which any of the contracting units is authorized by law to perform, if the agreement is authorized by the parties thereto, in a city by the city council with the approval of the mayor, in a town by the board of selectmen and in a district by the prudential committee; provided, however, that when the agreement involves the expenditure of funds for establishing supplementary education centers and innovative educational programs, the agreement and its termination shall be authorized by the school committee. Any such agreement shall be for such maximum term, not exceeding twenty-five years, and shall establish such maximum financial liability of the parties, as may be specified in the authorizing votes of the parties thereto. A governmental unit, when duly authorized to do so in accordance with the provisions of law applicable to it, may raise money by any lawful means, including the incurring of debt for purposes for which it may legally incur debt, to meet its obligations under such agreement. Notwithstanding any provisions of law or charter to the contrary, no governmental unit shall be exempt from liability for its obligations under an agreement lawfully entered into in accordance with this section. For the purposes of this section, a "governmental unit" shall mean a city, town or a regional school district, a district as defined in section 1A, a regional planning commission, however constituted, a regional transit authority established under chapter 161B, a water and sewer commission established under chapter 40N or by special law, a county, or a state agency as defined in section 1 of chapter 6A.

All agreements put into effect under this section shall provide sufficient financial safeguards for all participants, including, but not limited to: accurate and comprehensive records of services performed, costs incurred, and reimbursements and contributions received; the performance of regular audits of such records; and provisions for officers responsible for the agreement to give appropriate performance bonds. The agreement shall also require that periodic financial statements be issued to all participants. Nothing in this section shall prohibit any agreement entered into between governmental units from containing procedures for withdrawal of a governmental unit from said agreement.

All bills and payrolls submitted for work done under any such agreement shall be plainly marked to indicate that the work was done under authority thereof. Any reimbursement for or contribution toward the cost of such work shall be made at such intervals as the agreement provides. The amount of reimbursement received under any such agreement by any governmental unit shall be credited on its books to the account of estimated receipts, but any funds received under the provisions of section fifty-three A of chapter forty-four for contribution toward the cost of such work may be expended in accordance with the said provisions. The equipment and employees of a governmental unit while engaged in performing any such service, activity or undertaking under such an agreement shall be deemed to be engaged in the service and employment of such unit, notwithstanding such service, activity or undertaking is being performed in or for another governmental unit or units.

Source: [M.G.L. c. 40, §4A](#)

## Appendix G: List of Statutes Providing for Regionalization

| TYPE  | CITATION | CREATION  | GOVERNANCE   | FINANCES  | OTHER ISSUES   |
|---|----------|---|--|---|--|
| <b>GENERAL PROVISIONS</b>                               |          |   |  |   |  |
| Intermunicipal agreements (IMAs)                        | 40:4A    | <p>Agreement by CEOs of governmental units with approval of selectmen, mayor &amp; council or prudential committee</p> <p>Contracting units include cities, towns, regional school districts, improvement districts, regional planning commissions, water &amp; sewer commissions, counties and state agencies</p> <p>Approval of school committee needed if involves supplementary education centers and innovative educational programs</p> | By agreement   | By agreement  | <p>Units may jointly perform, or have one perform on behalf of others, any service, activity or undertaking any unit can perform</p> <p>25 year maximum</p>  |
| Joint performance of services                           | 43C:15   |   |  |   | Consolidated municipal departments (finance, inspections, community development) may participate in IMAs   |
| <b>GENERAL GOVERNMENT</b>                               |          |   |  |   |  |
| Regional assessing                                      | 41:30B   | Agreement approved by participating cities or towns (legislative body vote) and approved by Department of Revenue (DOR)   | By agreement. Initial committee of representative assessors develops methods and procedures for sharing services of assistant assessor. Thereafter, per DOR, Board of Directors. | Fair allocation of expenses between communities per terms of approved agreement. Annual appropriation of funds. | <p>Approval and oversight of local agreements by DOR</p> <p>See DOR IGR 81-402</p>   |
| Regional health care coverage                           | 32B:12   | Acceptance of c. 32B, by agreement of "appropriate public authorities" of 2 or more governmental units  |  |   | See 32b:2(a) definition of appropriate public authority – mayor in city, selectmen in town, governing board in district, county commissioners in county (except Worcester), trustees of charter school, directors of educational collaborative |
| Regional retirement systems                             | 34B:19   | Statutory successor to an abolished county retirement system  | Regional retirement board  | Assessment by regional retirement board (how determined??)  | Regional retirement board advisory council created.  |
| Regional charter commissions and councils of government | 34B:20   | Regional charter commission established by acceptance by legislative bodies. Commission develops proposal for structure of a regional council of government (RCG). Council charter proposal must be approved by majority of voters in a community (referendum) for it to participate.   | RCG created by charter.  | Annual assessment of members  |  |

| TYPE  | CITATION    | CREATION  | GOVERNANCE  | FINANCES  | OTHER ISSUES   |
|---|-------------|---|---|---|--|
| Collective purchasing   | 7:22B, 22A  | § 22A – Statutory authority for joint purchases with Commonwealth or other municipalities through state purchasing agent. (“join together”)<br><br>§ 22B - Statutory authority for joint purchases by municipalities with one serving as lead purchasing agent. (“join together”) | Regulations of state purchasing agent   | Each unit remains solely responsible for payments due vendor.   | (Need to search regulations)   |
| Regional service centers (for development of GIS technology and data) | 21A:4B      | Executive Office of Energy & Environmental Affairs (EOEEA) – Office of Geographic and Environmental Information establishes regional service centers to assist governmental units in the development and use of GIS technology.   | By EOEEA  | State appropriation   | Coordinates GIS data sharing agreements between governmental units   |
| <b><u>PUBLIC EDUCATION</u></b>  |             |   |   |   |  |
| Regional school districts   | 71:14-16I   | 71:15 Acceptance by municipalities (legislative body vote) of 71:16-16I, under agreement approved by Department of Elementary & Secondary Education (DESE)  | Regional School Committee (RSC), chosen in accordance with agreement  | Budget adopted by RSC, approved by 2/3 of member communities in 3 or more member districts, both members in 2 member districts  |  |
| School superintendency unions   | 71:61-64    | Agreement of school committees of towns each with <\$2.5m valuation, & aggregate # of schools between 25 and 75. DESE can form or adjust union without regard to valuation or # of schools  | Joint committee of member towns' school committees fixes salary & benefits of superintendent.   | Costs allocated among members in accordance with 71:65 (which has been repealed) – so presumably by agreement   | Needs 2/3 vote of joint committee & DESE approval to fire superintendent. Also, DESE approval to dissolve union. |
| Education collaboratives  | 40:4E       | Agreement by school committees  | Board of directors, 1 appointed by each school committee  | Not determined by statute   | Has own treasurer; RAN borrowing; is public employer   |
| Joint school committees   | 71:63       | Part of superintendency union statutes – see above  |   |   |  |
| Joint directors of occupational                                       | 71:38D      | District formed by vote of towns (not school committees) to employ joint director of occupational guidance & placement  | Joint committee of member towns' school committees  | Joint committee annually appoints director, fixes salaries & apportions costs among members.  | Any member can withdraw  |
| <b><u>PUBLIC HEALTH</u></b>   |             |   |   |   |  |
| Regional health districts   | 111:27A-27C | Vote of municipalities (towns only, & not in Barnstable Co. under § 27A)  | § 27A: Joint health committee of member towns' boards of health, or 1 or more members from each board<br><br>§ 27B: single regional board of health, members appointed by each municipality by whatever method it chooses | § 27A: joint committee develops & allocates budget, which members raise in tax levy without appropriation<br><br>§27B: regional board adopts budget, apportions cost among members according to choice of formulas in statute. Assessments raised in levy without appropriation |  |
| Joint infirmaries   | 47:4        | Nothing in statute, presumably town   | Nothing in statute  | Nothing in statute  |  |

| TYPE   | CITATION                  | CREATION  | GOVERNANCE  | FINANCES  | OTHER ISSUES   |
|--|---------------------------|---|---|---|--|
|  |                           | meeting vote  |   |   |  |
| <b><u>PUBLIC LIBRARIES</u></b>   |                           |   |   |   |  |
| Joint public library   | 78:19A                    | Nothing in statute  | Nothing in statute  | Nothing in statute  | § 19A relates only to state aid reimbursement  |
| Regional public library service  | 78:19C-19D                | Nothing in statute; can include private as well as public libraries – see 78:19D  | State Board of Library Commissioners designates administrative agency; council of members, duties prescribed by bylaws of regional system, as approved by state Board | Nothing in statute about budget; state reimbursement under 78:19C   | Relates to sharing of library resource materials   |
| <b><u>PUBLIC SAFETY</u></b>  |                           |   |   |   |  |
| Fire districts   | 48:60-80 (see §§ 67 & 79) | Vote of town meeting(s) to organize the fire district and department and establish boundaries of the district by petition or residents of proposed district | Elected prudential committee as CEO & district meeting as legislative body  | District property tax assessed by member town assessors, collected by town collectors and turned over to district treasurer                                   | Not clear how districts in more than one town are formed   |
| Regional police districts  | 41:99A-99K                | Approval of a majority of the voters of member towns (referendum)   | Regional police commission organized by member towns' boards of selectmen, each appointing 2 members of the commission  | Regional police commission determines its budget and assesses member towns using statutory formula based on EQV, population and miles of road of member towns | Unclear whether towns with police covered by civil service may be included   |
| Regional EMS council (Emergency Medical Services System)   | 111C:4                    | Designated by State Department of Public Health (DPH)   | 10 to 35 members selected by DPH, some of which represent different aspects of EMS community  | Revenue from contracts with DPH   | More of an agency of the state than a separate local district  |
| Regional emergency communication centers and PSAPs (Public Safety Answering Points/Enhanced 911 Service) | 6A:18A-18J; 166:14A       | Agreement between governmental bodies in regional areas determined by the state 911 department  | None specified in legislation, presumably as provided in the intergovernmental agreements   | Not specified in the statutes, presumably from general fund revenues in proportion to the governmental bodies as specified in the agreements                  | Regional communication centers and PSAPs are part of a statewide plan for emergency dispatching services provided locally or regionally. Telecommunications companies must provide capabilities to reach the 911 centers and may charge special fees to offset their costs |
| Mutual police aid programs   | 40:8G                     | Agreement between communities upon acceptance of 40:8G in those communities   | Governed by terms of mutual aid agreement   | Financed by general municipal revenues as per mutual aid agreement  | Allows for mutual aid agreements between contiguous towns in and outside MA.   |
| <b><u>PUBLIC UTILITIES</u></b>   |                           |   |   |   |  |
| Regional municipal water supply system   | 21:9A, 20                 | Two or more municipalities by vote of the legislative body  | Town meeting vote or vote of town council or city council   | Appropriation by each local community   |  |
| Sewer districts (re references to buy services)  | 83:1                      | Vote of sewer department in each member community, if authorized by ordinance or bylaw  | Each member community's sewer department  | Appropriation in accordance with contract terms   | Contracts may not exceed 20 years  |
| Regional water/sewer district commissions  | 40N:25                    | Vote of town meeting, town council or city council  | Regional district commission  | Regional district agreement includes financing provisions   |  |

| TYPE  | CITATION   | CREATION   | GOVERNANCE   | FINANCES   | OTHER ISSUES  |
|---|------------|--|--|--|---|
| Regional local government unit (Water Pollution Abatement Revolving Loan Program) | 29C:1      | Vote of town meeting, town council or city council   | Bylaw or ordinance of city or town providing service   | Assessments or other charges on cities and towns receiving wastewater collection or treatment services   |   |
| Municipal Light Plant Cooperatives  | 164:47C    | Vote of municipal lighting plants  | Board of not less than 3 directors elected by and from the members of the cooperative  | In accordance with cooperative agreement   |   |
| Municipal Group Electric Load Aggregation   | 164:134    | Majority vote of town meeting, town council or city council  | In accordance with plan approved by Department of Energy Resources   | Appropriation by members in accordance with service agreement  |   |
| Energy Cooperatives   | 164:136    | Vote of town meeting, town council or city council   | Board of not less than 3 directors elected by and from the members of the cooperative  | In accordance with agreement   |   |
| Group Utility Purchasing Arrangements   | 164:137    | Vote of town meeting, town council or city council   | In accordance with group purchasing agreement  | In accordance with agreement   |   |
| Regional refuse disposal districts  | 40:44A-44L | Vote of town meeting, town council or city council   | Regional refuse disposal district committee  | Annual assessments as determined by district committee   |   |
| Regional recycling programs   | 40:8H      | Vote of town meeting, town council or city council   | In accordance with agreement   | In accordance with agreement   |   |
| <b><u>PUBLIC WORKS</u></b>  |            |  |  |  |   |
| Joint road maintenance  | 84:5       | Agreement between communities with common highways to construct, repair, maintain and improve roads and to share road machinery                          | Governed by terms of town meeting votes and appropriations   | Funding per terms of town meeting votes and appropriations   |   |
| Joint applications for road and chemical storage assistance                       | 16:4D      | Opportunities to apply for joint project grants for 2 or more eligible towns created by rules and regulations of Commissioner of Highways (Mass Highway) | Governed by the rules and regulations of Mass Highway  | Financed from grants through towns grant accounts or under rules and regulations of Mass Highway   | Does not specifically authorize a joint project, per se, but merely joint grant application |
| <b><u>RECREATION &amp; CULTURE</u></b>  |            |  |  |  |   |
| Cooperative Recreation Facilities   | 45:14      | Vote of legislative body of 2 or more towns to authorize recreation departments to cooperate in providing recreational facilities and programs           | Authorized recreation departments establish the cooperative arrangements   | Expenses to maintain and support facilities and programs apportioned by recreation departments   |   |
| Regional cultural council   | 10:58      | Any group of cities and towns may form regional council with approval of MA Cultural Council   | Regional council has equal number of members appointed by mayor or selectmen. By 2/3 vote, the regional cultural council can adopt proportional representation corresponding to the populations of participating cities and towns. Council members serve for staggered 3 year terms. | Regional cultural councils disburse arts lottery funds, other "allocable" receipts including gifts and grants, and interest earned on the portion of council money which is invested. Appropriation not required (revolving fund). |   |
| Regional beach districts  | 40:12B-12G | District formed by vote of legislative bodies of 2 or more contiguous cities or towns to acquire, develop, maintain and                                  | Commission appointed by a "joint committee" including mayor & city council president of each city, and   | Not specified in statute-presumably by agreement   | Treasurer of 1 of members acts as treasurer for district                                    |

| TYPE                                  | CITATION  | CREATION   | GOVERNANCE   | FINANCES   | OTHER ISSUES  |
|---------------------------------------|-----------|--|--|--|---|
|                                       |           | operate beaches  | the chair of selectboard in each town. Joint committee also determines number and terms of office of commission members.   |  | Director of Accounts to annually audit district accounts. Cost apportioned based on most recent EQV. State treasurer to issue warrant to assessors to raise in tax levy without appropriation and pay over. |
| <b>REGULATORY FUNCTIONS</b>           |           |  |  |  |   |
| Regional planning districts           | 40B:3, 11 | District established by vote of legislative bodies of 2 or more cities or towns.<br><br>Other cities & towns may apply for admission. Acceptance by 2/3 vote of the representatives of the member cities and towns.  | District planning commission made up of 1 member from planning board of each participating community. Commission elects officers from among its members annually. 2/3 vote of district planning commission may establish an executive committee.   | Annually in February, district commission prepares budget. Budget apportioned among member municipalities, subject to per capita limits adopted by 2/3 of legislative bodies of member communities. Commission certifies each city or town's share of the budget to the assessors to be raised in levy without appropriation |   |
| Joint regulation of motorboats        | 90B:15    | Joint action to regulate motorboats on sharing water ways or bodies in 2 or more cities and towns. Local motorboat regulations cannot conflict with 90B  | Adoption of uniform regulations requires "joint action," presumably by legislative bodies, of cities and towns sharing the waters  | No financial arrangements are specified – presumably each municipality covers its own enforcement costs.   |   |
| Joint air pollution control districts | 111:142C  | Joint request by cities and towns to state DPH to form district. DPH. must approve. District similar to Metropolitan Air Pollution Control District of 111:142B  | DPH may regulate "air contamination sources" and set up "air sampling stations" within the pollution control district  | Participating cities and towns must reimburse Commonwealth for the cost of pollution control activities. State treasurer issues warrant to assessors in district communities to assess tax based half on assessed valuations and half on population  |   |
| <b>TRANSPORTATION</b>                 |           |  |  |  |   |
| Regional transit authorities          | 161B      | Authority formed by any city or town, or group of cities and towns, other than those in MBTA with bus service, by approval of selectmen in town, city manager in a Plan E city or council and mayor in other city and notice to Governor<br><br>Any city or town, or group of cities and towns, other than those in MBTA with bus service or in authorities provided for 161B:2 & 14, may join contiguous authority by approval of selectmen in town, city manager in a Plan E city or council and mayor in other city<br><br>City or town can withdraw upon | Advisory board made up of city manager of each Plan D or E city, chair of selectboard of each town, or town manager or administrator (or designees). Each community has 1 vote, plus additional votes in proportion to state assessments on members. Non-voting representative from disabled commuting population appointed on rotating basis from members.<br><br>Advisory board can establish executive committee according to bylaws<br><br>Advisory board appoints | Annual budget prepared by administrator and approved by advisory board<br><br>Budget not covered by operating revenues funded by cherry sheet assessments on members based in proportion to cost of service within member and state contract assistance  | May issue debt up to 40 years; biennial audits by state auditor   |

| TYPE                                     | CITATION  | CREATION  | GOVERNANCE  | FINANCES  | OTHER ISSUES  |
|--|-----------|---|---|---|---|
|  |           | approval of referendum placed on ballot by vote of city council, town meeting or petition of 5% of registered voters  | administrator as chief executive officer  |   |   |
| <b><u>ECONOMIC DEVELOPMENT</u></b>       |           |   |   |   |   |
| Economic development regional commission | 40B:5     | District formed by votes of legislative bodies of cities and towns to make recommendations for physical, social, governmental or economic improvement of the district   | District planning commission made up of 1 member of the planning board of each city and town voting to join district  | Commission annually apportion expenses and certifies the amount to assessors of members who raise in tax levy without appropriation   | District may issue RANs by a majority vote of commission  |
| <b><u>OTHERS</u></b>                     |           |   |   |   |   |
| Regional veterans' districts             | 115:10-15 | District formed by votes of legislative bodies of 2 or more adjoining towns, or 2 or more adjoining municipalities of which only 1 may be a city, to provide veterans with information about and assist them in obtaining available benefits  | District board made up of mayor or his/her designee of each city, chair of selectboard or his/her designee of each town, and the town manager or his/her designee if town council form of government. Board appoints director of veterans' services who performs the duties of the veteran's agent in each member city or town. District board also designates a treasurer of 1 of member municipalities as district treasurer. | District board determines district expenses and apportions them on members based on most recent EQQ, most recent federal census, or by other means determined by a unanimous vote of the district board to be fair and equitable to each community. Board notifies local treasurers of apportionment. They certify amount to assessors who raise in tax levy without appropriation. | Director of Accounts to annually audit district accounts. Cost apportioned based on most recent EQV. State treasurer to issue warrant to assessors to raise in tax levy and pay over. |
| Joint airport enterprise                 | 90:51N    | By vote of the city council with the approval of the mayor or by vote of a town meeting, 2 or more municipalities may establish, maintain and operate airport as joint enterprise.<br><br>Within 30 days after the votes, mayor and city council and selectmen of communities must meet to draft agreement. Agreement must be approved by the airport commission and the Director of Accounts and be agreed to by the mayor and city council of each participating city and the town meeting of each participating town.<br><br>Agreement to establish a joint airport commission and joint airport fund and specify the proportionate interest of each participating municipality in the airport and its proportionate share of the expenses | The joint airport commission acts as agent of all municipalities in operating airport. Joint commission chooses the officers to maintain and operate the joint enterprise.  | Joint airport commission determines amounts needed to run joint airport. Apportions amount needed above amount available in joint fund to participating municipalities as per the agreement. Sends apportionment notice to mayors & selectmen.  |   |

| TYPE  | CITATION | CREATION   | GOVERNANCE  | FINANCES   | OTHER ISSUES  |
|---|----------|--|---|--|---|
| Joint control of marine fisheries           | 130:56   | If two or more municipalities have joint property in, or joint control over, any marine fisheries, the city council or the selectmen may exclusively exercise authority over fisheries as though such joint control or property did not exist.   | Selectmen, board of alderman or city council may control, regulate or prohibit the taking the shellfish within the city or town   |  | Doesn't authorize joint action – rather allows exclusive control so long as residents of other communities get same rights & privileges             |
| Joint boundary markers                      | 42:4     | Selectmen of contiguous towns required to erect permanent stone monuments at certain points of their boundary lines  | Selectmen responsible for erecting boundary markers.  | Expenses shared equally  | 42:6 provides for penalty for failure to mark   |
| Regional housing authority                  | 121B:3A  | Operating agreement approved by municipal officers of cities and towns and Dept. of Housing and Community Development (DHCD)   | Regional housing authority. Powers & obligations as set out in the operating agreement.   | Appropriations by cities and towns – presumably based on operating agreement   | See 121B:1 definition of municipal officers as city council with mayor's approval in city, selectmen with town manager's approval, if any, in town. |
| Regional water pollution abatement district | 21:28    | District proposed by Division of Water Pollution Control (DWPC) within Department of Environmental Protection, and approved by Water Resources Commission.<br><br>Within 90 days if legislative bodies of municipalities do not approve, Director of DWPC may order c. 30A hearing on necessity of district. If finds needed to control water pollution, may declare district formed (mandatory district). | District commission made up of 2 members of each town appointed by selectboard<br><br>Commission of mandatory district made up of 3 members appointed by Director of DWPC<br><br>Commission appoints executive director | District plan for water pollution abatement facilities submitted to DWPC. Plan must include formula DWPC finds equitable for allocating operating and capital costs. May be based on 2 or more factors (population, EQV, waste volume and type, other factor DWPC considers appropriate) | Act of legislature required to dissolve district  |



## Appendix H: Police Comparable Communities

| Municipality    | Chief | Deputy Chief/<br>Captains | Lieutenant | Sergeants | Detectives | Patrolmen | School<br>Resource<br>Officer | Total<br>Uniformed<br>Officers |
|-----------------|-------|---------------------------|------------|-----------|------------|-----------|-------------------------------|--------------------------------|
| HAMILTON-WENHAM | 2     | 1                         | 1          | 5         | 3          | 13        | 0                             | 25                             |
| BEDFORD         | 1     | 0                         | 2          | 6         | 2          | 16        | 0                             | 27                             |
| HOLLISTON       | 1     | 0                         | 1          | 4         | 3          | 15        | 0                             | 24                             |
| HOPKINTON       | 1     | 0                         | 1          | 4         | 2          | 12        | 0                             | 20                             |
| IPSWICH         | 1     | 0                         | 1          | 5         | 0          | 18        | 1                             | 26                             |
| LYNNFIELD       | 1     | 1                         | 0          | 3         | 0          | 13        | 0                             | 18                             |
| MEDWAY          | 1     | 0                         | 1          | 5         | 0          | 13        | 0                             | 20                             |
| NORTHBOROUGH    | 1     | 0                         | 1          | 4         | 3          | 11        | 0                             | 20                             |
| WAYLAND         | 1     | 0                         | 1          | 5         | 3          | 10        | 2                             | 22                             |
| WESTON          | 1     | 1                         | 1          | 5         | 0          | 15        | 0                             | 23                             |
| WRENTHAM        | 1     | 0                         | 2          | 3         | 0          | 8         | 1                             | 15                             |
| <b>Average</b>  | 1     | 0.2                       | 1.1        | 4.4       | 1.3        | 13.1      | 0.4                           | 21.5                           |

| Municipality    | 2007 Estimated<br>US Census | 1999 Income<br>per Capita | 2008 EQV/2007<br>US Census | Land Area<br>Square Miles | 2008 Public<br>Road Miles | FY09 Operating<br>Budget | Population Density<br>per square mile |
|-----------------|-----------------------------|---------------------------|----------------------------|---------------------------|---------------------------|--------------------------|---------------------------------------|
| HAMILTON-WENHAM | 12,803                      | 34,516                    | 199,028                    | 22.32                     | 83.89                     |                          | 573.6                                 |
| BEDFORD         | 13,146                      | 39,212                    | 238,942                    | 13.74                     | 80.40                     | 74,081,185               | 956.8                                 |
| HOLLISTON       | 13,941                      | 32,116                    | 160,962                    | 18.71                     | 91.70                     | 51,665,013               | 745.1                                 |
| HOPKINTON       | 14,307                      | 41,469                    | 230,033                    | 26.56                     | 124.53                    | 63,197,711               | 538.7                                 |
| IPSWICH         | 13,245                      | 32,516                    | 218,823                    | 32.58                     | 95.99                     | 43,280,070               | 406.5                                 |
| LYNNFIELD       | 11,382                      | 39,560                    | 234,164                    | 10.14                     | 74.52                     | 43,165,350               | 1122.5                                |
| MEDWAY          | 12,749                      | 27,578                    | 149,880                    | 11.45                     | 73.90                     | 45,655,980               | 1113.4                                |
| NORTHBOROUGH    | 14,611                      | 32,889                    | 181,325                    | 18.53                     | 92.76                     | 48,298,027               | 788.5                                 |
| WAYLAND         | 13,017                      | 52,717                    | 267,747                    | 15.23                     | 95.49                     | 66,282,121               | 854.7                                 |
| WESTON          | 11,698                      | 79,640                    | 471,161                    | 17.02                     | 113.33                    | 78,528,439               | 687.3                                 |
| WRENTHAM        | 11,116                      | 30,792                    | 182,154                    | 22.20                     | 94.62                     | 34,960,365               | 500.7                                 |
| <b>Average</b>  | 12,921                      | 40,849                    | 233,519                    | 18.62                     | 93.72                     | 54,911,426               | 771.4                                 |

## Appendix I: Police Share of Public Safety Building Debt

|      | <b>\$5.939 Million<br/>Bond Issue</b> | <b>\$250,000 State<br/>House Loan</b> | <b>Remaining<br/>Debt Service</b> | <b>Police Share @<br/>50 percent</b> | <b>Hamilton's<br/>Share</b> | <b>Wenham's<br/>Share</b> |
|------|---------------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|-----------------------------|---------------------------|
| FY06 | \$119,428.75                          | \$0.00                                |                                   |                                      |                             |                           |
| FY07 | \$535,257.50                          | \$0.00                                |                                   |                                      |                             |                           |
| FY08 | \$517,657.50                          | \$38,000.00                           |                                   |                                      |                             |                           |
| FY09 | \$505,657.50                          | \$36,700.00                           | \$542,357.50                      | \$271,178.75                         | \$174,232.35                | \$96,946.40               |
| FY10 | \$493,657.50                          | \$35,400.00                           | \$529,057.50                      | \$264,528.75                         | \$169,959.72                | \$94,569.03               |
| FY11 | \$481,657.50                          | \$34,100.00                           | \$515,757.50                      | \$257,878.75                         | \$165,687.10                | \$92,191.65               |
| FY12 | \$468,157.50                          | \$32,800.00                           | \$500,957.50                      | \$250,478.75                         | \$160,932.60                | \$89,546.15               |
| FY13 | \$454,657.50                          | \$31,500.00                           | \$486,157.50                      | \$243,078.75                         | \$156,178.10                | \$86,900.65               |
| FY14 | \$442,657.50                          | \$30,200.00                           | \$472,857.50                      | \$236,428.75                         | \$151,905.47                | \$84,523.28               |
| FY15 | \$430,657.50                          | \$28,900.00                           | \$459,557.50                      | \$229,778.75                         | \$147,632.85                | \$82,145.90               |
| FY16 | \$418,657.50                          | \$27,600.00                           | \$446,257.50                      | \$223,128.75                         | \$143,360.22                | \$79,768.53               |
| FY17 | \$407,182.50                          | \$26,300.00                           | \$433,482.50                      | \$216,741.25                         | \$139,256.25                | \$77,485.00               |
| FY18 | \$396,157.50                          |                                       | \$396,157.50                      | \$198,078.75                         | \$127,265.60                | \$70,813.15               |
| FY19 | \$384,982.50                          |                                       | \$384,982.50                      | \$192,491.25                         | \$123,675.63                | \$68,815.62               |
| FY20 | \$368,826.25                          |                                       | \$368,826.25                      | \$184,413.13                         | \$118,485.43                | \$65,927.69               |
| FY21 | \$352,785.00                          |                                       | \$352,785.00                      | \$176,392.50                         | \$113,332.18                | \$63,060.32               |
| FY22 | \$341,692.50                          |                                       | \$341,692.50                      | \$170,846.25                         | \$109,768.72                | \$61,077.53               |
| FY23 | \$330,455.00                          |                                       | \$330,455.00                      | \$165,227.50                         | \$106,158.67                | \$59,068.83               |
| FY24 | \$319,000.00                          |                                       | \$319,000.00                      | \$159,500.00                         | \$102,478.75                | \$57,021.25               |
| FY25 | \$307,400.00                          |                                       | \$307,400.00                      | \$153,700.00                         | \$98,752.25                 | \$54,947.75               |
| FY26 | \$295,800.00                          |                                       | \$295,800.00                      | \$147,900.00                         | \$95,025.75                 | \$52,874.25               |
|      | \$8,372,385.00                        | \$321,500.00                          | \$7,483,541.25                    | \$3,741,770.63                       | \$2,404,087.63              | \$1,337,683.00            |

Appendix J: Wenham EMS Calls by Hour

