

# REPORT ON ALTERNATIVE SHARED ADMINISTRATION TO THE ADMINISTRATIVE REVIEW COMMITTEE FOR THE TOWNS OF LEE, LENOX AND STOCKBRIDGE

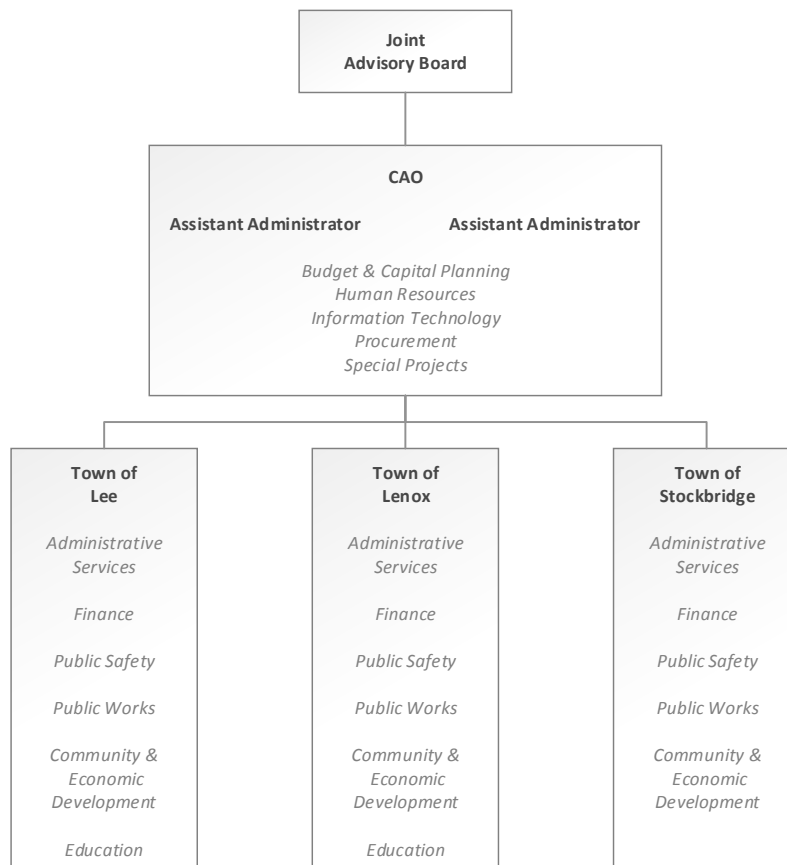
NOVEMBER 29, 2016

## BACKGROUND

On November 9, 2016, the Department of Revenue's Division of Local Services (DLS) delivered a report on shared services previously requested by the Administrative Review Committee and each town's Board of Selectmen. The report, and subsequent presentation by DLS, provided an implementation plan for a shared chief administrative officer (CAO) between the three towns. Following the presentation, the Committee, by unanimous vote of those present, requested the administrators in each town to further refine the DLS plan to address the specific concerns of community leaders. The three administrators met on November 15, 2016 in Stockbridge and at subsequent meetings/conference calls on November 22, 23, 25 and 28 to develop the plan provided below.

## DIVISION OF LOCAL SERVICES - SHARED CAO MODEL

DLS proposed a shared CAO between the three towns with two assistant CAO's depicted in the following organizational chart:



DLS made its proposal in the context of shrinking populations in the three towns, rising budgets and property taxes, and the need to keep pace with the growing complexity of modern governing institutions. DLS estimated the plan would save the three communities a combined \$21,936. It also presented the possibility of state grant assistance of up to \$200,000 to offset transition costs and provide short term tax relief.

#### FEEDBACK AND OBSERVATIONS REGARDING THE DLS REPORT

Both at the ARC meeting on November 9<sup>th</sup> and through follow-up comments, Committee members and others raised questions that warrant further discussion or plan modification.

Among the positive comments, it was observed:

- Acknowledgement of unfavorable, ongoing demographic shifts
- DLS emphasized strong budgetary and financial management expertise to support policy-makers
- Acknowledgement of a need for current and effective skills in the area of human resources
- DLS provided opportunities to terminate the shared arrangement if it was later found to be undesirable (though others felt these were insufficient, see below)

Among the questions and concerns included:

- Budgetary savings from grants is one-time, as opposed to permanent savings achieved through cost reductions or new revenue
- Potential lack of accessibility to staff empowered to address citizen needs
- Perception that CAO position will overstep formal authority
- Perception that CAO position would lead to irrevocable “regionalization” (though others felt there were sufficient termination provision, see above)
- While *legally* the position has a special exemption from conflicts with the ethics law, the potential for *actual* (“real life”) conflicts remain

#### CONSENSUS PROPOSAL OF CURRENT ADMINISTRATORS

In response to the Committee’s request and the feedback we received, we propose the following modifications to the DLS plan for a shared CAO along with several, corresponding points to further rationalize the recommended changes.

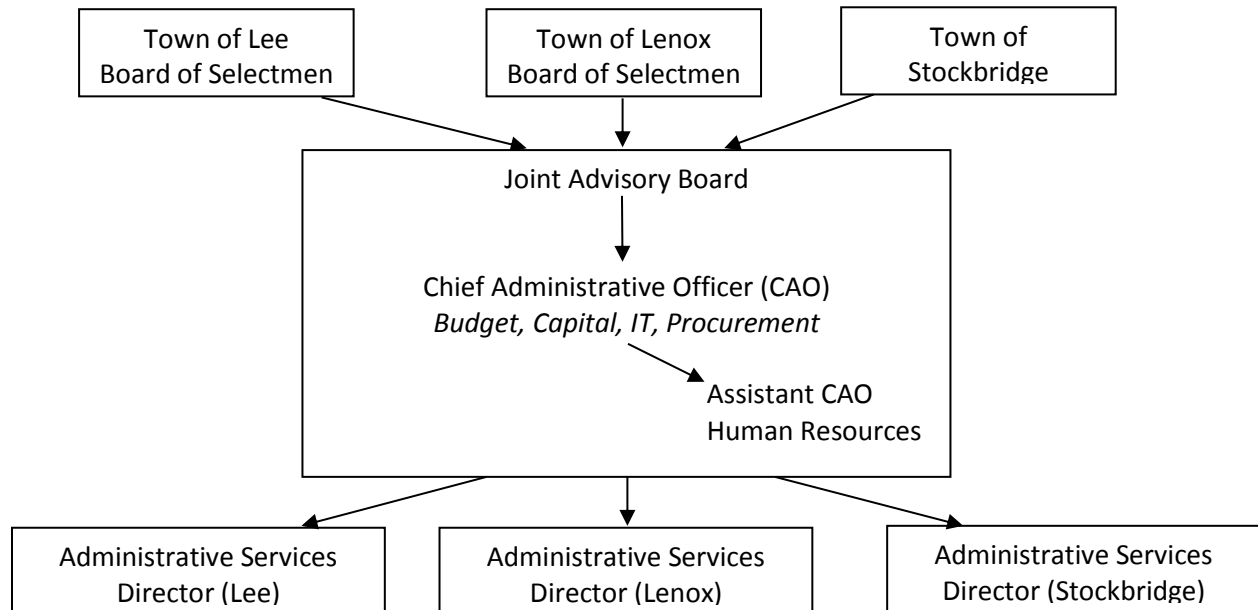
1. Establish structural changes through 3-year, trial Intermunicipal Agreement (IMA)

- Annual review, with vote for extension/termination of agreement by all three boards of selectmen
  - IMA sunsets at conclusion of 3 years (2020); Not renewable
  - In 2020, all three Town Meetings must either vote to make changes permanent or terminate agreement at conclusion of trial IMA
2. Reiterate and emphasize DLS's recommendation that administrative roles in all three communities will be honored
- In Lee and Lenox, the CAO will have those staff appointment powers (i.e. the ability to "hire and fire") provided by the voter-approved Special Acts, subject to ratification/override by the Board of Selectmen
  - In Stockbridge, the CAO will *not* have appointment powers unless otherwise directed by Selectmen and/or Town Meeting (i.e. ability to "hire and fire" remains with the Board of Selectmen)
3. We, the administrators, believe that the residents of our three towns (as well as residents in other Berkshire towns) expect and encourage communities to work collaboratively with one another. We ought to push ourselves toward meeting those expectations. However, to avoid potential ethical conflicts, the Selectmen in each town from time-to-time will need to formally remove the CAO from certain interjurisdictional negotiations
- Each Board will need to discern for themselves when the benefits of coordination outweigh the potential for conflict
  - The Selectmen should assign other selectmen or department heads to interjurisdictional negotiations, where appropriate
  - The CAO should be a member in good standing with the Massachusetts Municipal Manager's Association (MMA). Thus, the CAO will be subject to the Association's Code of Ethics surrounding conflicts of interest and must proactively alert his/her selectmen accordingly.
4. Reduce the number of assistant administrators in the DLS plan from two to one
- Budget and capital planning coordination should be the primary responsibility of the CAO
  - Technology improvements could be funded through state grant without adding staff
  - Helps create ongoing cost savings through reduction in overall head-count
5. The remaining assistant CAO position should focus on human resources
- Develop and administer recruitment, on-boarding and retention strategies for employees
  - Ensure compliance with employment laws/regulations (e.g. Wage Act, FLSA, FMLA, overtime rules, etc.)

- Handle employee inquiries
  - Process health and other benefits
  - Act as a resource for collective bargaining (where needed)
6. Elevate the roles of *existing* staff (currently three – one in each town) to an “Administrative Services Director” in each Selectmen’s office
- Serves as primary contact for citizens (inquiries, service requests)
  - Administers liquor licensing, risk management policies, responsible for daily clerical work, prepares minutes and agenda postings
  - Prepares permits and licenses as required in each town.
  - Serves as daily liaison between personnel and CAO and assistant CAO
  - Establishes and administers citizen request log in each Town Hall
  - Assigns citizen service requests to appropriate departments/staff
7. Sequester one-time grant funds; Use only for one-time expenses, such as:
- Exploration of shared financial and other technology applications/licenses
  - Legal, supplies and other one-time start up costs
  - Consulting services (if needed)

## ORGANIZATIONAL CHART AND BUDGET

The changes outlined above will result in the following organization chart:



Cost savings for this proposal are estimated at \$112,171 annually in combined salary (\$91,756) and eligible benefits (\$20,415). Comparison of the current salary and benefits costs vs. our proposed plan is provided below:

<b>Existing Structure/Resources</b>	<b>Salary</b>	<b>Benefits</b>
Lee Town Administrator	\$ 88,471	\$ 20,368
Lenox Town Manager	\$ 110,000	\$ 19,208
Stockbridge Town Administrator	\$ 110,000	\$ 19,208
Lee, Selectmen's Secretary	\$ 38,336	✓ \$ 19,641
Lenox, Administrative Services	\$ 64,367	\$ 18,546
Stockbridge, Administrative Assistant	\$ 45,000	\$ 18,266
<b>TOTAL - EXISTING COSTS</b>	<b>\$456,174</b>	<b>\$115,237</b>

<b>Proposed Alternative</b>	<b>Salary</b>	<b>Benefits</b>
Chief Administrative Officer	\$ 110,000	\$ 19,208
Assistant CAO for Human Resources	\$ 85,000	\$ 18,846
Lee, Administrative Services Director	\$ 49,114	✓ \$ 19,797
Lenox, Administrative Services Director	\$ 70,804	\$ 18,640
Stockbridge, Administrative Services Director	\$ 49,500	\$ 18,331
<b>TOTAL - PROPOSED COSTS</b>	<b>\$364,418</b>	<b>\$ 94,821</b>

<b>TOTAL SAVINGS</b>	<b>\$ 91,756</b>	<b>\$ 20,415</b>
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### CONCLUSION

Staff is in agreement that the alternative structure recommended above retains the positive elements of the DLS report while improving in several areas. Overall, the plan has the potential to improve services and preserve community identity while providing a modest cost savings through efficiencies.

### **RESPECTFULLY SUBMITTED BY:**

*Danielle Fillio – Town Administrator, Stockbridge*  
*Christopher Ketchen – Town Manager, Lenox*  
*Robert Nason – Town Administrator, Lee*