TOWN OF MILLIS

DEPARTMENT OF PUBLIC WORKS Study

MARCH 2020





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TABLE OF CONTENTS

I. PROJECT SUMMARY	5
II. PROJECT METHODOLOGY	7
III. DEPARTMENT OVERVIEW	8
MISSION AND RESPONSIBILITIES	8
FUNDING	12
STAFFING	14
EQUIPMENT AND FACILITIES	
IV. REVIEW OF PEER COMMUNITIES	19
V. FINDINGS AND RECOMMENDATIONS	
1. OPERATIONAL SYSTEMS	
2. ASSET CONTROL AND INVESTMENT	35
3. FINANCIAL ADMINISTRATION- ENTERPRISE FUNDS	
WATER AND SEWER ENTERPRISES	40
STORMWATER OPERATION/ENTERPRISE FUND	56
4. ORGANIZATIONAL STRUCTURE & STAFFING	64
5. MISCELLANEOUS/ADDITIONAL RECOMMENDATIONS	
VI. CONCLUSION	

FIGURES

FIGURE 1. MUNICIPAL WATER SERVICE MAP	10
FIGURE 2. MUNICIPAL SEWER SERVICE MAP	11
FIGURE 3. ORGANIZATIONAL CHART FY2020	.15
FIGURE 4. DPW STAFFING FY2015-FY2020	17
FIGURE 5. DPW EQUIPMENT	18
FIGURE 6. PEER COMMUNITY COMPARISON SUMMARY	20
FIGURE 7. PEER COMMUNITY GENERAL INFORMATION	21
FIGURE 8. PEER COMMUNITY DPW BUDGET/PERCAPITA	22
FIGURE 9. PEER COMMUNITY GENERAL DPW STAFF-FTE	23
FIGURE 10. PEER COMMUNITY TOTAL DPW STAFF-FTE	23
FIGURE 11. PEER COMMUNITY WATER CUSTOMERS & BUDGET/ CUSTOMER.	25
FIGURE 12. PEER COMMUNITY SEWER CUSTOMERS & BUDGET/ CUSTOMER	26
FIGURE 13. PEER COMMUNITY SOLID WASTE BUDGET/ CUSTOMER	27
FIGURE 14. PEER COMMUNITY PARK SPENDING PER CAPITA	28
FIGURE 15. PEER COMMUNITY GENERAL FACILITY SPENDING PER CAPITA	29

I. Project Summary

The Town of Millis engaged Community Paradigm Associates, LLC to conduct a comprehensive management and operations analysis of the Town of Millis Department of Public Works (DPW). The impetus for the project was based upon several factors including:

- Recent questions regarding the fee structures of the Town's public works enterprises
- The likelihood of changes in the management staffing in the near future
- Increased prioritization of infrastructure investment and maintenance
- Ongoing efforts by the Select Board and the Town Administration to regularly review operations for operational improvement

The analyses sought by the Town was to include existing operations, service levels, infrastructure management, and staffing levels for all DPW and the Enterprise Systems for Water, Sewer, and Stormwater. Additionally, the Town noted that the comprehensive operations review should be fact-based and incorporate all aspects of services provided by the Department, and incorporating the following issues:

- a. <u>Allocation of All DPW Funding Sources</u>: A review of all funding sources of the department, (i.e. General Fund, Water Enterprise, Sewer Enterprise, Stormwater Enterprise, and Transfer Station), including indirect costs, to ensure that the relative application of those revenues reasonably represent all costs (wages/expenses/capital) incurred by the DPW.
- b. <u>Management Practices</u>: The management philosophy, effectiveness of the management team, management and supervisory practices;
- c. <u>Organization</u>: The organizational structure and reporting relationships;
- d. <u>Staffing</u>: The number and allocation of staff, assigned job duties, and workforce planning;

e. <u>Operations Management</u>: Operational planning, resource availability and capabilities (facility, equipment, tools, supplies, personnel), work scheduling, work reporting, quantity and quality of work produced, efficiency, and performance measures.

The findings identified by this operational review, and management and operations analysis, of the Millis DPW, along with recommendations for improvements, are included within this report that encompasses and addresses each of the items discussed in the Scope of Services set forth by the Town.

The following questions have been considered within this report:

- Identification of the current service levels provided by the Town and service level targets
- Staffing levels in each of the public works function areas including skills, expertise, scheduling, development and succession planning
- Determination of the workload measurements associated with service delivery to evaluate departmental management and performance
- Review of organizational structure as analyzed via a review of the formal and informal organizational chart, identifying, vis a vis best practices:
 - Clear lines of authority
 - \circ Span of control
 - \circ Lines of reporting
 - Coordination and communication
 - $\circ~$ Coordinated operational and strategic planning
- Analysis of cross departmental relationships
 - Existing
 - o Overlap
 - o Gaps
 - Flexibility to respond to the unforeseen
- Potential opportunities for improved service delivery and cost efficiencies

- Cost allocation analysis to ensure that fee structure is appropriate and consistent with best practices as set forth through the Massachusetts DOR, the GASB, and locally established financial policies
- Review of 4-5 peer communities and their organization of public works structure and service delivery levels

II. Project Methodology

The work plan to execute the described scope of services has consisted of the following phases:

1. Information Gathering/Environmental Scan

Compiling information regarding current structure, staffing levels and expertise, management capacity, succession planning, roles and responsibilities, reporting lines financial data, inventory of equipment, and service level records. This information has been obtained through documents including, but not limited to, Annual Reports, budgets and budget requests, capital planning studies and reports, pavement management records, and meeting minutes. In addition, key Town officials have been interviewed in order to identify issues of concern, historical trends and perceptions and perspectives regarding the efficacy of the DPW.

2. Analysis and Assessment

Reviewing assembled materials and information, and compiling and reviewing comparative benchmark information from peer communities relative to structure, staffing and workload in order to assess Millis public works structure and operations considering strengths, weaknesses, opportunities, and threats relative to the DPW's current operation, structure and financing.

3. Identification of Findings and Recommendations

Based upon the analysis a determination of findings specific to the Millis public works operations is established, and a set of recommendations has been developed to address identified issues in structure, processes and financing, building on identified strengths of the current operations. Where applicable the recommendations have included options to affect changes through alternative and/or incremental modifications in order to increase levels of stakeholder support and minimize disruption to the ongoing operation of the Department.

4. Final Report

This Final Report has been prepared as a project work product. The Report is being provided and public presented at a meeting of the Select Board.

III. Department Overview

Mission and Responsibilities

Like other municipal public works departments, the mission of the Millis DPW is to manage and improve the Town's infrastructure and related assets. In Millis, this includes the Town's roadway and drainage network, bridges, cemeteries, parks, transfer station, and water distribution and sewer systems. In addition, the DPW manages and provides snow removal services for all roads and facilities as well as support services for other Town departments. More specifically, the Millis DPW is responsible for maintaining and operating the following general services and facilities:

- 52.7 miles of public roads;
- Sidewalks (miles not available)
- Town parks, playground equipment, and athletic fields (Total acreage not available)
- Prospect Hill Cemetery;
- A municipal recycling center and transfer station including transport of solid waste to a contracted private disposal facility;
- Maintenance and repair of Town owned equipment and vehicles;
- Maintenance of a closed landfill;
- Overhead street lighting and ornamental streetlights.

In addition, the DPW operates three municipal enterprises established and operated in accordance with the Massachusetts General Laws. (M.G.L. c. 44, §53F $\frac{1}{2}$)

- A municipal water system. Map of service area shown in Figure 1.
 - Water Mains 1791 features; 50.7 miles
 - Water Service Lines 790 features; <1 mile
 - Water Main Valves 579 features
 - Water Service Valves 419 features
 - Hydrants 441 features
 - Supply Wells 6 features
 - Water Storage Tanks- 2 features
 - Treatment Facilities- 3 features
- A municipal sewer collection system that serves more than 2/3 of Millis residents. Map of service area shown in Figure 2.
 - Sewer System Gravity Main- 613 features; 22.7 miles
 - o Sewer System Force Main- 81 features; 3.2 miles
 - Sewer System Pump Station- 8 features
 - 5 sewer pump stations,
 - 3-meter stations
 - Sewer System Manholes- 618 features
- Stormwater management,
 - Stormwater drainage pipes- 1488 features; 20 miles
 - Stormwater catch basins- 1114 features
 - Stormwater culvert- 143 features
 - Stormwater manholes- 734 features
 - BMP Assets (Detention, Oil/Water Separator, Stormceptor) 79 features
 - Outfalls or Discharge Points) 70 features
 - o Inlet 52 features
 - Junction 9 features
 - Cleanouts 567 features

FIGURE 1

MILLIS WATER SERVICE MAP SUBMITTED SEPARATELY

FIGURE 2

MILLIS SEWER SERVICE MAP SUBMITTED SEPARATELY

Funding

The funding for the whole of the Millis DPW is derived from four sources, the general fund, sewer enterprise fund, water enterprise fund, and a recently created stormwater enterprise fund. A more detailed analysis of the three enterprise funds are included within the Findings and Recommendations section of this report as the utilization of these funds was a priority area of review in this study, focusing on methodology, calculation of charges and fees, and overall utilization. The rationale for enterprise funds is that costs should be borne specifically by the consumers of an enterprise service based upon specific levels of utilization, much like private goods albeit with either a public benefit of an absence of a cost effective private provider.

The Town's general fund includes revenues derived from taxation, local aid from the state, miscellaneous receipts, and available funds that can be transferred into the general fund to cover ongoing municipal expenses in which a public good is being created and/or provided. A public good is a service in which utilization cannot be efficiently or effectively calculated. In the DPW the general fund supports those expense and personnel costs, that are considered to be public goods like maintenance of roads, parks, playgrounds, cemeteries, traffic controls, and sidewalks, and provision of snow plowing, streetlights, cemetery operations and related administrative costs. In addition, the general fund supports the operation of the Town's transfer station for those residents that choose to utilize it for some or all of their solid waste and recycling. The budgeted general fund support of the DPW in FY 2020 is \$1,016,474. The DPW also receives general fund support for capital costs such as equipment and infrastructure projects that are related to the described public good services.

The sewer enterprise fund and water enterprise fund include revenues from consumers of the utility service based upon how much they use the service in terms of gallons of flow, related fees for connecting to the system and betterment payments that are collected from owners of properties that are improved by construction of a utility line, and reserves that have been retained from prior years. The enterprise fund supports the expense and personnel costs related to the operation of the utility, including building and maintaining financial reserves for future costs. These costs can be direct or indirect. Indirect costs are related to the utility operation but are initially budgeted in the general fund, or potentially another enterprise. Funding to cover these costs are transferred into the other fund as if it were a payment made by the enterprise to another entity. Capital costs related to equipment or larger projects can be paid directly from the enterprise or borrowed with debt service costs being allocated to the enterprise and funds transferred to the general fund, which pays such costs. Finally, as stand-alone funds, enterprises can retain a balance of funds from one year to another, and hold those funds in reserve. In Fiscal Year 2020 the Sewer Enterprise revenue and expenditure budget is \$1,417,133, and the Water Enterprise revenue and expenditure budget is \$1,586, 014.

The Millis DPW also operates a third utility enterprise fund for stormwater management. This enterprise was established in 2018, for implementation beginning in Fiscal Year 2019, to address the costs associated with drainage and stormwater management related activities and infrastructure that is necessary in order to comply with the EPA's Municipal Storm Sewer System (MS4) permit program, in order to limit pollutants in the Town's water bodies. The MS4 issue affects nearly every community, and its implementation has brought the significance of stormwater management to the forefront of municipal governments. Millis, working with its designated civil engineering firm, Kleinfelder, approached the issue of enhanced stormwater management and compliance with EPA regulations like a number of other cities and towns by creating a separate utility enterprise to fund such costs, and to allocate such costs to entities and individuals who by holding properties with a significant level of impervious surface generated higher levels of stormwater runoff into the municipal system. In this latter manner, costs are allocated to use as with other enterprises. The enhanced activities include more frequent catch basin cleanings and street sweeping, increased culvert clearing, and infrastructure improvements. The stormwater utility collects fees based upon amounts of impervious surface on a property, and utilizes the funds to cover direct and indirect costs for expenses and personnel and capital projects. Like other utility enterprises funds can be retained and utilized in subsequent years. In Fiscal Year 2020 the Storm water Utility Enterprise budget is \$600,000.

Staffing

In 2018 the Town amended its General By-laws to authorize the Town Administrator, with the approval of the Select Board, to appoint a Director of Public Works, to exercise and perform under the supervision and direction of the Town Administrator. This change modified a prior version of the By-laws in which the Town Administrator also served as the Director of Public Works. The By-law does require that the Director of Public Works be specially fitted by education, training and experience to perform the duties of said office. Following this By-Law change the then current Assistant DPW Director was appointed to the position of Director.

Other By-Law provisions related to the Department of Public Works were retained whereby the Select Board has the power to make all policy decisions related to public works matters within the Town and acts as Water and Sewer Commissioners; and has the jurisdiction for public works functions of the Town, including, but not limited to: highway, water and sewer maintenance, solid waste disposal, park and playground maintenance, maintenance of all town buildings, except those under the School Department and Library Trustees, drainage and stormwater facilities, and other infrastructure operations as necessary.

The DPW currently has a staff of 14.30 full time equivalents (FTEs), which includes:

- 1 Director of Public Works to manage the department
- 1.30 Departmental Assistants to provide administrative support
- 1 General Foreman to oversee daily operations and assignments
- 1 Mechanic to maintain all Town vehicles and equipment
- 1 Water and Sewer Technician
- 9 Heavy Equipment Operators/Laborers (HEO/L), including one that also serves as a Mechanic as needed. The HEO/L staff is generally assigned to work as needed in general public works, which includes the operation of solid waste services, and the three enterprises of water, sewer and stormwater.

The existing approved structure of the Department of Public Works is reflected within the Organizational Chart which is provided in *Figure 3*.

Department of Public-Works Organizational Chart



In many, if not most, communities, DPW operations are structured into defined teams to operate departmental functions such as separate divisions for water, sewer, streets, parks, cemeteries, etc. This structuring is particularly the case in larger communities in which needs dictate a larger work force that can be specially focused. It should be noted that many communities have explored greater cross training of personnel to maximize efficiencies. The Millis DPW already utilizes such an approach of cross training and shared functions due to the size of the organization, the level of need, or prior staffing decisions that prioritized greater efficiencies.

The funding effect of the shared staffing plan is that employee costs are distributed across the four sources of DPW funding. A table of DPW Staffing (Figure 4), which is extracted from the Town's FY20 budget documents shows how staffing has changed over the last six years, and how personnel costs have been distributed across the four sources of funding. The information from the FY20 budget document varies slightly from information provided by the DPW which indicates .24 and .10 more FTE's from the General Fund and Stormwater respectively, and .17 less FTE's from both the Sewer and Water enterprises. The effect of these inconsistencies would be minor in the calculation of user fees but does illustrate the task of staffing cost allocation. FY20 information was used in conducting this study as FY21 budgets have not been finalized or approved.

The allocation of staff costs to the enterprises has been an issue that has been raised during the course of this study by a number of individuals interviewed. These concerns center on the validity of the costs in the determination of user fee rates for each of the enterprise funds to ensure that rate-payers are only paying for appropriate costs. This topic is covered more fully in the Findings and Recommendations section of this report, in which the methodology of rate setting is discussed.

Figure 4.

DPW STAFFING

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
General Fund (incl Transfer Station)						
Position	FTE	FTE	FTE	FTE	FTE	FTE
Department Head (Director)	0.34	0.35	0.35	0.35	0.17	0.17
Department Assistant III	0.25	0.13	0.13	0.11	0.11	0.11
General Foreman	0.34	0.34	0.34	0.34	0.16	0.16
Town Mechanic	0.34	0.34	0.34	0.34	0.24	0.24
HEO/Laborer	3.00	3.34	3.34	3.34	2.75	2.75
Sub-total	4.27	4.5	4.5	4.48	3.43	3.43
Sewer Enterprise						
Position	FTE	FTE	FTE	FTE	FTE	FTE
Department Head (Director)	0.15	0.24	0.24	0.24	0.24	0.24
Department Assistant III	0.25	0.37	0.37	0.37	0.32	0.32
Department Assistant I	0.15	0.15	0.15	0.15	0.15	0.15
General Foreman	0.15	0.24	0.24	0.24	0.24	0.24
Water & Sewer Technician	0.50	0.50	0.50	0.50	0.50	0.50
Town Mechanic	0.33	0.33	0.33	0.33	0.33	0.33
HEO/Laborer	2.00	2.00	2.00	2.00	2.00	2.00
HEO/Laborer		0.33	0.33	0.33		
Sub-total	3.53	4.16	4.16	4.16	3.78	3.78
Water Enterprise						
Position	FTE	FTE	FTE	FTE	FTE	FTE
Department Head (Director)	0.51	0.41	0.41	0.41	0.41	0.41
Department Assistant III	0.50	0.50	0.50	0.50	0.44	0.44
Department Assistant I	0.15	0.15	0.15	0.15	0.15	0.15
General Foreman	0.50	0.34	0.34	0.34	0.42	0.42
Water & Sewer Technician	0.50	0.50	0.50	0.50	0.50	0.50
Town Mechanic	0.33	0.33	0.33	0.33	0.33	0.33
HEO/Laborer	1.50	2.00	2.00	2.00	2.50	2.50
HEO/Laborer	0.10					
Sub-total	4.09	4.23	4.23	4.23	4.75	4.75
Stormwater Enterprise						
Position	FTE	FTE	FTE	FTE	FTE	FTE
Department Head (Director)					0.18	0.18
Department Assistant III					0.13	0.13
General Foreman					0.18	0.18
Town Mechanic					0.10	0.10
HEO/Laborer					1.75	1.75
Sub-total	0	0	0	0	2.34	2.34
Personnel Total	11.89	12.89	12.89	12.87	14.30	14.30

Equipment and Facilities

The DPW relies heavily upon adequate and properly maintained equipment and facilities to effectively execute its mission. In *Figure 5* is a listing of the equipment that is under the control and utilized by the DPW. The list does not include smaller items such as mowers, and tools. During the study we have not reviewed the quality or condition, but provide this information to help indicate the Department's ability to perform its responsibilities with adequate tools and equipment.

Year	Make	Model	Replacement Yr	Fund*
2017	Ford	Explorer	2027	W,S,G
2012	Chevy 3S00	Dump Truck	2022	W,S,G
2005	International	Dump Truck	2025	G
1995	International	Dump Truck	2015	G
1999	Volvo	Dump Truck	2019	G
2005	Volvo L70E	Front End Loader	2030	G
2008	John Deere	Skidsteer	2038	W,S,G
1994	John Deere	4100 Backhoe	2024	G
2017	Johnston	Street Sweeper	2038	G, StW
2013	Chevy 3S00	Utility Truck	2024	W,S
2012	Chevy 2500	Pickup	2022	W,S
2017	Chevy 3500	Dump Truck	2027	W,S,G
1978	Ford 2600	Farm Tractor		G
2013	Chevy 3500	Dump Truck	2023	W,S
2018	John Deere	624KII	2043	G
2014	Case	Backhoe	2034	W,S,G
2017	Freightliner	10-Wheel Dump	2037	W,S,G
2011	Holder 9700	Multi-use	2031	G
2007	Chevy 2500	Pickup		W,S
2002	Bobcat	Skidsteer	2032	G
2010	Freightliner	Roll-off	2021	G
2011	Chevy Van	Express Van	2026	W,S
1992	Compressor			W,S,G
2012	Trailer	Utility Trailer	2037	W,S,G
2008	Ford	Explorer	2020	W,S,G
2015	Skid Steer	Multi-use	2040	W,S,G
2018	Covered Trailer	Multi-use	2038	W,S,G
2015	Hot Box	Asphalt Hopper	2035	G
2013	Roller	Asphalt Roller	2023	
* Reflects all	ocation by the DPW	to the fund which utilizes the	e equipment	

Figure 5

In addition to its equipment, the DPW utilizes a number of buildings and municipal space to operate. A number of these facilities, like pump stations, are related to the operation of the DPW's enterprises are contained within the listing included in the Mission and Responsibilities portion of this section.

The DPW Administration functions within the Town Hall building utilizing two rooms on the second floor. The operation of the DPW is headquartered in a facility on Water Street which is being renovated and expanded in order to improve its overall condition and functionality. The overall cost of the improvements to this property is \$4 million through funding from the general fund and the sewer and water enterprises. The expansion provides for two new structures that include a nearly 1,900 sq. ft. staff wing, and a 1,400+ sq. ft. mechanic's bay with a truck wash.

The DPW also has a 1,200 sq. ft. salt shed to support its winter operations, a 400 sq. ft. cemetery building for equipment and supply storage, and a very small office trailer at the Town's transfer station. The transfer station building for the disposal of solid waste and recyclables is approximately 1,800 sq. ft.

IV. Review of Peer Communities

In this section of this report, the study examines comparisons between the Town of Millis DPW, and a number of peer communities with information detailed in tables, graphs and narrative analyses. The communities were selected based on comparability of 4 factors of population, road miles, total municipal budget, and equalized valuation per capita (EQV). The average of the peer communities for each of these factors is within 10% of the figures in each of these categories for Millis, thereby making them reasonable communities for comparison. Information is not available in all categories from all communities, so the information included in this report culls out the relevant information. An overview of the information gathered is contained within a summary table, *Figure 6*.

TOWN OF MILLIS MA DPW COMPARISON WITH PEER COMMUNITIES

	Ayer	Blackstone	Middleton	Salisbury	Upton	West Boylston	Average of peer comm.	MILLIS
Municipal General								
Population - 2018 (DOR)	8.164	9.320	10.050	9.489	8.012	8.215	8.875	8.270
Road Miles - 2013 (DOR)	51.4	46.6	52.9	56.4	80.4	63.1	58.5	52.3
EQV/Capita - FY2020 (DOR)	\$149,351	\$104,236	\$211,826	\$184,400	\$151,601	\$118,666	\$153,347	\$150,791
Gen Fund 2020 Budget (exclude enterprises)	\$26,907,061	\$25,074,698	\$37,054,271	\$27,815,782	\$23,340,879	\$25,427,143	\$27,603,306	\$30,199,380
Gen Fund Budget /Capita	\$3,296	\$2,690	\$3,687	\$2,931	\$2,913	\$3,095	\$3,102	\$3,652
DPW General								
DPW 2020 Budget	\$1,638,850	\$2,184,734	\$1,263,542	\$1,344,045	\$1,275,825	\$1,515,985	\$1,537,164	\$914,631
Budget/capita	\$200.74	\$234.41	\$125.73	\$141.64	\$159.24	\$184.54	\$174.38	\$110.60
DPW Staff (FTE)	10.0	6.5	15.0	8.0	13.0	7.0	10.5	3.27
Staffing/Capita	0.0012	0.0007	0.0015	0.0008	0.0016	0.0009	0.0011	0.0004
Water				Contracted		Water District		
Treatment Plant (Y/N)	Y	Pilot study	N	Y	у	Y	6 have WTP	Y
2020 Budget	\$2,143,334	\$1,104,420	\$241,938	\$2,565,000	\$1,035,544	\$1,430,385	\$1,420,104	\$1,586,014
Customers	3377	2500	1832	3714	1450	2600	2,578.83	2975
Budget/Customer	\$634.69	\$441.77	\$132.06	\$690.63	\$714.17	\$550.15	\$527.24	\$533.11
Staff (FTE) - Total	4.5	3.5	1.4	0	3	6	3.0667	4.58
Total Staffing/customer	0.0013	0.0014	0.0008	0.0000	0.0021	0.0023	0.0013	0.0015
		Sewer treated as						
		prrt of						
Sewer		Woonsocket	no sewers					
Treatment Plant (Y/N)	Y	N		Y	Y	N		N
2020 Budget	\$2,965,062	\$1,133,581		\$2,525,000	\$717,944	\$2,025,306	\$1,873,379	\$1,417,133
Customers	3100	1300		2937	600	2306	2049	1404
Budget/Customer	\$956.47	\$871.99		\$859.72	\$1,196.57	\$878.28	\$952.61	\$1,009
Stall (FTE) - Total	0.0001	3.25		4	3		4.19	3.0
	0.0021	0.0025		0.0014	0.0050	INA	0.0020	0.0026
Stormwater Mgmt	Inc in DPW	Inc in DPW	inc in DPW	inc in DPW	Inc in DPW	Inc in DPW		
2020 Budget								\$600,000
Customers								2975
Budget/Customer								\$202
Staff (FTE)								2.44
Staff/customer								0.0008
	non ontorprise	non-enterprise Collection +	non-enterprise.	Requele Contor	non ontrarao			
Solid Waste	PAYT	budgget	\$125/year	\$25/yr	PAYT	non-entrprse		non-enterprise
Collection (Y/N)		Y	Ν	Ν	Y	Y		N
Transfer Sta (Y/N)	Y	N	Y	Ν	N	N		Y
2020 Budget	\$435,550	\$856,216	\$427,598	\$136,530	\$560,000	\$455,000	\$478,482	\$101,843
Customers	1233	3235	1874	629	3000	2413	2064	831
Budget/Customer	\$353.24	\$264.67	\$228.17	\$217.06	\$186.67	\$188.56	\$231.82	\$122.55
Staff (FTE)	2	0	1.6			0		0.4
Staff/Customer	0.0016		0.0009	0.0000	0.0000		0.0000	0.0005
Total DPW staff including utilities and enterprises	23.0	13.25	18	12	19	13	16.38	14.29

General Municipal Information

It is interesting to compare communities in the peer group in the budget per capita, and in staffing per capita, but the reader is cautioned that every municipality is different in their manner of operation, and these comparisons should be used with a level of caution. For example, some communities include department capital improvements in their budgets, while others have a single separate article for capital improvements, or even a number of articles for capital. Therefore the "Gen Fund 2020 Budget (excluding enterprises)" numbers may vary for that or other local reasons.

Figure 7 details general municipal information gathered from published sources for the communities from which information was sought.

	Aver	Blackstone	Maynard	Middleton	Salisbury	Upton	West Boylston	Average of peer comm.	MILLIS
	,				,				
Municipal General									
Population - 2018 (DOR)	8,164	9,320	10,667	10,050	9,489	8,012	8,215	9,131	8,270
Road Miles - 2013 (DOR)	51.4	46.6	41.4	52.9	56.4	80.4	63.1	56.0	52.3
EQV/Capita - FY2020 (DOR)	\$149,351	\$104,236	\$128,993	\$211,826	\$184,400	\$151,601	\$118,666	\$149,868	\$150,791
Gen Fund 2020 Budget (exclude enterprises)	\$26,907,061	\$25,074,698	\$43,583,656	\$37,054,271	\$27,815,782	\$23,340,879	\$25,427,143	\$29,886,213	\$30,199,380
Gen Fund Budget /Capita	\$3,296	\$2,690	\$4,086	\$3,687	\$2,931	\$2,913	\$3,095	\$3,243	\$3,652

Figure 7

DPW General

Comparative information for the Departments of Public Works show a wide variety of budgets and staffing, based in large part on the manner in which communities provide the various public works functions, and based on the level of service that each community requires. Some communities include capital improvements in the department operating budgets, while other communities' budget separately for capital either in the general operating budgets or as special articles. Additionally, some communities include functions such as parks maintenance, cemetery maintenance, and building maintenance in the DPW budgets, while other communities' budget some or all of these functions separately in other departments.



The comparisons of DPW Budget/Capita *(Figure 8)* vary from \$81 to \$234. Millis spends \$111 per capita, one of the lowest among the peer communities. This is largely because \$600,000 in storm water management expenses are budgeted separately in an enterprise fund, which is not the case in any of the peer communities. If the Stormwater Management enterprise for Millis is factored into the per capita DPW expenses, then Millis's expenditure is \$183 per capita, or somewhat above the average of the peer communities.

Similarly, the number of DPW employees, and therefore the number of employees per capita is significantly lower in Millis than in the peer communities. This is based in part on what functions are included in DPW operations (Parks/Forestry/Cemetery, building maintenance), and in part by what functions are contracted out rather than conducted using Town staff. Adding Millis's 2.4 employees from the Storm Water Management enterprise fund to the total DPW employees (to make the DPW Staff numbers more comparable to the peer communities), but still reflects lower staffing than the average of the peer communities (5.71 vs 10.1). See *Figure 9.*



The chart in *Figure 10* indicates that when all DPW related staff (including Utilities and Enterprise employees) are added then the total staff in Millis is still below the average of the peer communities, especially when a staffing adjustment is made for West Boylston and Salisbury contracting sewer and water operations respectively.



Figure 10.

Water Enterprise

All of the peer communities shown below have water enterprise systems, to capture all costs of the system and charge them to the water customers. There are different ways that the communities capture these costs:

- Ayer does not charge any of the DPW central administrative salaries to either of the water or sewer enterprise systems.
- Blackstone, Middleton, Salisbury, and Upton charge a percent of DPW central administrative salaries to the water and/or sewer enterprise systems, based very loosely on an understanding of the amount of time spent on the General Fund, Water and Sewer activities. A common distribution is 50% General Fund, 25% Water, and 25% Sewer.
- West Boylston is best able to capture <u>all</u> the costs of the Water enterprise, with an independent Water District that is a separate legal entity from Town government and therefore required to be completely self-sufficient. A separate district does tend to cost more due to redundancies in operational costs.

The water supply and treatment systems in the peer communities are also very different. The treatment for some is individual well-head treatment, Middleton buys water from a neighboring community, Blackstone is in the process of developing a Treatment Plant, and Salisbury, contracts the entire water supply and distribution system to a private company.

While the staffing level in Millis is seemingly 1.5 FTE higher than the average of the peer communities, this is in part driven by the fact that Salisbury has no Water employees as they contract the entire operation and maintenance of the Water Department. Including the three contracted staff to Salisbury adjusts Millis to being 1 FTE higher than the average. Likewise Ayer's decision to not include DPW administration in enterprise calculations also affects the average of staff that is actually working on the utility.

However, in spite of these personnel variations, the average budget/customer of the peer communities is remarkably similar to Millis's budget as shown in *Figure 11*.



Sewer Enterprise

Information regarding the sewer systems in four of the 8 communities in the peer group was available for this comparative analysis. The information available provides good appraisal data for reviewing the Millis Sewer Department.

- Three of the 4 systems have their own Wastewater Treatment plants.
- The average number of customers is higher than in Millis, as is the number of employees.
- The number of employees per customer is higher in Millis than in the peer communities (*Figure 12*).
- The budget per customer in Millis is about 4% higher than in the average of the peer communities. This is not a significant difference considering that there are differences among the communities in how they budget for capital, and other operational differences.



Figure 12.

Storm Water Management

None of the peer communities operate a storm Water Management enterprise. In all of the peer communities, stormwater management activities are an increasing part of the DPW operating and capital budgets. Some DPW's break out <u>some</u> of their stormwater management costs in their budgets, but none of the peer communities break out or identify all such costs.

The Town of Ayer authorized a Storm Water Management enterprise fund at a Town Meeting in 2011, but when the DPW proposed the implementation to the Select Board, the Board turned it down. The DPW is proposing to update its modeling for a Storm Water Management enterprise and re-present it to the Select Board in FY 2021, for possible implementation in FY 2022.

Solid Waste Management

As is the case for many other municipal functions, there is a variety among the peer communities in the manner in which they manage municipal solid waste. Three of the peer communities operate transfer stations, while two provide municipal collection and recycling. One community (Salisbury) operated only a recycling center, which provides less in scope than a transfer station. In Salisbury residents either contract directly for trash pick-up or make other arrangements.





For communities that provide curbside collection, the cost of the service is included in the tax rate – there is no separate charge for the service. The cost is reflected in a line item or line items in the municipal budget, generally in the DPW budget. *Figure 13* shows the cost per residential customer in each of the comparable communities.

communities to identify or recover all costs of the service.

Parks

The manner of parks maintenance in the peer communities is varied. In some cases there is a Parks and Recreation Department separate from DPW that maintains parks, and often the same Department runs recreation programs. There is sometimes a separate Parks and Recreation Commission.

							West	Average of	
	Ayer	Blackstone	Maynard	Middleton	Salisbury	Upton	Boylston	peer comm.	MILLIS
Parks	Not in DPW	Not in DPW. Parks adb Forestry		Inc. in DPW	Inc in DPW	Inc in DPW	Inc in DPW		Inc. in DPW
2020 Budget	\$159,151	\$164,786						\$161,969	
Staff (FTE)						2			
Acres of active parks									
Budget/Acre									
Budget/Capita	\$19.49	\$17.68						\$18.59	

Figure 14.

The most common model, similar to Millis, is for the DPW to maintain the park lands, and for a separate Commission or Department to operate recreation programs. In most of those cases, Parks (and Forestry) maintenances functions are an integral part of the DPW, and expenses and staff are not separately identified. *Figure 14* provides limited information regarding cost per capita.

Facility Maintenance

There is little to be learned from the peer communities regarding building maintenance. The most common method of building maintenance is for each department to maintain their own buildings. Some communities like Blackstone have begun to consolidate building maintenance into a separate department. Salisbury is beginning to create a building maintenance department focused on Town buildings. *Figure 15* provides limited information regarding cost per capita for facility maintenance. Most DPW Departments do some of the building maintenance by default, the "heavier" work. All DPW's with which the consultant spoke, advocated for building maintenance as a Department that was separate from DPW.

							West	Average of		
	Ayer	Blackstone	Maynard	Middleton	Salisbury	Upton	Boylston	peer comm.	MILLIS	
				ľ						
				Dept's maint.	Beginning to	Dept's maint.	Dept's maint.		Dept's maint.	
Facility Maintenance	Not in DPW	Not in DPW		own bldgs.	ceentralize	own bldgs.	own bldgs.		own bldgs.	
Town (T) and/or School (S)	T/S	TH/Pol/Fire								
Budget	\$359,669.00	\$389,775			\$39,500			\$262,981		
Budget/capita	\$44.06	\$41.82	\$0.00	\$0.00	\$4.16	\$0.00	\$0.00	\$28.80	\$0.00	
Figure 15.										

Conclusions

When compared to each of the peer communities where applicable, the costs per resident or cost per customer for the various services provided by the DPW are competitive. The following specific observations should be noted:

- The DPW budget per capita including Stormwater Management is comparable to budgets per capita in the peer communities
- The staffing level for all DPW functions including utilities and enterprises is about 2 FTEs higher for peer communities, and almost 4 FTEs when adjusting for communities that contract utility services to a private vendor.
- The cost per customer of water service in Millis is almost exactly the same of the average of the peer communities.
- The cost of sewer service in Millis per customer is almost the highest of the peer communities, but only by about 4%.
- Millis has been more pro-active than the peer communities in addressing and developing a funding source for Stormwater Management
- The per/capita cost of solid waste services in Millis is very low, but the level of service provided compared to other communities is also very low

V. Findings And Recommendations

Community Paradigm gathered and reviewed a considerable amount of information regarding the Mills DPW about the condition and operation of the Department. This information was derived from a variety of source documents, data from peer communities and interviews with Millis officials that interact regularly with the Department. The interviews with town officials also included a review of attitudes regarding the overall performance of the Department. The goal of the study element of this project was to assemble information to assess the current operation and organizational structure of the Department, identify potential issues, evaluate the level of pro-active management in place to prepare the Department for future challenges, to reach certain findings and conclusions and then develop and present recommendations for improvements to the Town for consideration.

Overall, the Millis DPW has made important specific gains over the past several years. The department has done this with limited resources as the Town's needs have grown in various non-DPW municipal service areas, while seeing few opportunities for additional tax revenue due to little new property development. It is likely that the Town will see substantial new growth over the next several years with a new 55+ housing development by Toll Brothers on the old Glen Ellen Country Club, along with several smaller assisted living projects. These projects may provide additional strain on several municipal service areas but will likely provide new revenues that might be allocated to the DPW and infrastructure needs. However, over the past several years in spite of the fiscal challenges, the DPW has tackled issues to improve its effectiveness.

The DPW has been on the forefront of the EPA's Stormwater Permit issue and has been in the lead of communities by instituting a Stormwater Utility in the form of a selfsupporting enterprise fund. Issues regarding the calculation of the enterprise fund budget and fees will be addressed later in this section. Similar questions relate to the water and sewer enterprises, but the Town should be recognized for the best practice followed in establishing a best practice approach of full cost recovery enterprises. The DPW has utilized high quality engineering and public works expertise through two firms, Kleinfelder and Tighe & Bond on a variety of issues including stormwater management, water and sewer facility planning, full cost recovery enterprise fund rate calculations, utility master planning, and asset management initiatives. The Department has also worked to prepare itself for emergencies and organizational transitions by developing a "Continuity of Operations Plan" (COOP), and utilizing various training offered by the state Department of Transportation, and the Massachusetts Inter-local Insurance Association.

In the remainder of this section of the report a variety of Findings will be outlined, which represent observations and conclusions that have been identified as a result of the gathering of information and subsequent analysis. Along with the Findings are Recommendations that are based upon established best practices and/or appropriate next steps.

1. Operational Systems

The Millis DPW is an adequately functioning department that administers its portfolio of responsibilities in a satisfactory manner under the leadership of a Director who has held the position for approximately two years. It has been previously noted that the Department has begun to tackle a number of key issues during that time. However, like any organization there are opportunities for further enhancements to endure maximum effectiveness, efficiency and responsiveness of the organization. Achieving such goals requires a coordinated and broad effort to improve its management systems and business processes, and establishing comprehensive policies and strategic direction for public works operations.

Findings:

In reviewing the day to day operations of the DPW, based upon interviews and review of documents the following findings are made:

a) <u>Allocation and Tracking of Work Assignments -</u> The Department is clearly completing work that falls within its portfolio though the work seems to be assigned on generally day-to-day basis. Additionally, despite more recent efforts to track personnel time, the DPW is limited in its ability to fully record

department work in workload data, or the resources that were utilized in completing it. This prevents meaningful analysis of productivity, or the ability to adequately consider alternative options of service delivery to maximize cost effectiveness. And, as to be discussed in a subsequent section, the accurate allocation of personnel and non-personnel resources is crucial in the analyses used in calculating enterprise utility rates.

- b) <u>Policies and Procedures</u>- As previously noted, the DPW has assembled a document with information relative to the Continuity of Operations in the event of an emergency, or for the transition in leadership. However, the document would be substantially enhanced by the inclusion of Departmental Policies, Procedures and Practices that establish thoughtful actions for staff and departmental leadership.
- c) **Strategic Planning** The DPW has a number of plans that have been assembled for a variety of functional areas, especially related to the utilities within their jurisdiction. These plans are especially effective in directing decisions regarding capital investments. However, the Department does not have a comprehensive document that identifies the challenges and opportunities that it faces over the short, medium and long term, along with identified goals and objectives that drive its projects, investments and operational decisions
- d) <u>Work Plans Much of the DPW's work appears to be largely directed on a day-</u> to day-basis without the ability to fully consider the time necessary to complete tasks and proactively plan for regular and preventative actions. DPWs have the opportunity to plan infrastructure work in a proactive manner through longrange schedules developed for work to be performed showing scheduled dates of service, and the labor, equipment and materials needed to accomplish it.

Recommendations:

1. Move Forward to Acquire and Utilize a Computerized Maintenance Management **<u>System-</u>** The DPW does not currently possess or utilize a computerized maintenance management system (CMMS). Increasingly, other DPWs and Public Facilities are migrating to this type of system to more effectively record the activities assigned and completed by staff in the Department through initial daily assignments and additional work completed during the day. There are many benefits of a CMMS, which include tracking the dates, employees, locations, and descriptions of work performed, but they also include the definition of appropriate service levels that are achievable with a given number of labor hours, and at a defined level of productivity. A benefit of using a CMMS to accumulate standard times for specific tasks could lead to greater productivity of available resources, and increased productivity The Public Works Department can also utilize a CMMS to enable the identification of the services provided (e.g., street sweeping), the levels of service (e.g., number of times a street is swept annually with dates), the outputs of each of these services (e.g., the number of curb miles swept, and the percentage of the total system that this represents), and the cost of those services in terms of the total cost and the cost per unit of output. Importantly, a CMMS will be very helpful in tracking employee time on general DPW activities and specific Enterprise/Utility tasks, which will improve cost allocations. The acquisition and utilization of a CMMS is already underway by the DPW Director with the financial support of a state grant and the technical support of the Town's private engineering vendor. The software that is currently being reviewed is CityWorks, and it is currently in use in the Town of Canton and by the Boston Water and Sewer Commission. The use of the software relative to enterprise funds is further considered within the Financial Management and Staffing portions of this section of the Report. While the phase-in of CityWorks occurs, the Town should institute a more robust tracking of employee work assignments in order to gain additional information regarding allocation of resources and productivity, and prepare for the roll-out of CityWorks.

- 2. <u>Institute Standard Operating Policies and Procedures</u> The DPW should review, develop and institute the Standard Operating Policies and Procedures that are applicable to a the Millis DPW. Such policies and procedures are essential to the effective operation of any organization as they provide a direction for day-to-day operations, ensure legal compliance, and guide regular and emergency decision-making. The American Public Works Association (APWA) has prepared the *Public Works Management Practices Manual* as a resource to communities wishing to seek the Accreditation of their DPW. At this juncture, the DPW is likely not ready to tackle such an initiative but, the *Manual* can serve as a guide to assist members of the Department to work on those policies that are applicable to Millis.
- 3. <u>**Develop a Strategic Plan**</u> It would be recommended that Millis develop a Strategic Plan for the whole of town government but for the purposes of this study it is particularly recommended that the DPW develop such a Plan. The plan which should likely have a five year life with annual review and focus upon the determination of the Department's mission and vision, ongoing challenges and opportunities, departmental priorities, goals, objectives and DPW requirements. This Plan, including the process that creates it, would establish overall guidance and direction for the Department. Topics like changing workforce and succession planning needs should be part of the strategic plan, as it allows organizations to identify and manage changes in the department workforce, and shifting skill and competency needs. The Director would be largely responsible for the development of the Plan with support from the administrative and supervisory staff, would incorporate input from the Select Board, Town Administrator, departmental staff, and other entities and individuals that interact with the DPW. The Plan would likely include existing planning documents prepared by the Town's engineering vendors, and financial materials that are already prepared as part of the Town's budgeting system.
- 4. <u>Utilize Work Plan Calendars and Schedules</u>- The DPW has the benefit of having certain responsibilities that can be scheduled on a relatively consistent basis as part of preventive maintenance, or based upon seasonal conditions. Such regular responsibilities should be included in an annual work plan that includes such routine

responsibilities with as much specificity as possible (i.e. exercise generator at Well #5 pump, begin Cemetery mowing in mid-April, or complete "X" culvert repair during summer months) and fill in additional detail information as it becomes available. With an annual work plan approved, the Director and Foreman should have a simple process of authorizing and scheduling work to ensure that the work program is executed as planned. A monthly schedule should be prepared, using the annual work calendar as a guide. It is understood that a plan may need to be adjusted due to weather conditions or manpower issues, but to the extent possible, scheduled work should be executed according to schedule. When possible, the Plan should include a description of the work/project, materials and equipment needed, and the anticipated personnel required by number of staff, hours, and skills. The benefit of a longer-term schedule for planned activities and projects is that it gives the Department the maximum amount of time to prepare for alternative methods of delivering services, which may include contracting for service or hiring temporary labor. A report of monthly accomplishments to monthly plan should be provided to the Town Administrator.

2. Asset Control and Investment

Arguably the primary purpose of a DPW is to build and/or maintain a community's physical assets. In Millis, these assets include roads, sidewalks, the potable water supply and distribution system, a sewer service system, a stormwater drainage system, traffic control devices, parks, playgrounds, athletic fields, cemeteries, related buildings and the equipment that is used to carry out these tasks as well as other public work activities related to snow operations, and trash disposal. The monetary value of Millis' physical assets is millions, plus the non-quantifiable value of the services they support, and the value that they create within the Town. As such, it is crucial that the DPW properly plan and manage the maintenance of the Town's assets.

Findings:

In reviewing the activities of the DPW in maintaining Millis's assets, based upon interviews and review of documents, the following findings are made:

a) <u>Asset Inventory</u> – In order to properly invest in the Town's assets it is imperative that those assets are identified, and condition and useful life be

established through an inventory that is maintained on a regular basis. Statement #34 of the Governmental Accounting Standards Board was one of the first triggers that prompted many local governments to take notice of their physical assets by requiring governmental entities to include such inventories within their financial statements. However, an inventory it has always been a first step in establishing a capital improvement plan whereby assets are identified and described in order to plan for appropriate replacement or repair within certain financial constraints. The Millis DPW has been maintaining such an inventory as part of their "Continuity of Operations Plan" (COOP), and more recently has been building its database of asset inventory as part of the planned utilization of the CityWorks software system that is currently under consideration for implementation. The system is designed around GIS/Geocode whereby assets are tied to specific locations which adds to the available information regarding the asset and ongoing maintenance through a connection to a work-order system.

b) Pavement Management- The Town, during this study, has provided information regarding a pavement management system of the Town. The information is dated from 2016 and relates to a failed Proposition 2 ½ debt exemption of \$2.25 million to \$3.675 million depending upon years of implementation in order to invest a total of \$5 million, including state Chapter 90 funds in order to improve the overall road conditions within the Town. In 2016 the assessment of road conditions indicated that nearly half were fair to poor. The Town does not utilize the standard Pavement Condition Index (PCI) number that most communities use to describe street and road conditions. The system used by the DPW also does not appear to include more pavement maintenance oriented practices such as crack sealing and other more condition/useful life lengthening measures. The Town currently relies almost exclusively on Chapter 90 funds to maintain streets and roads. Through interviews and reviewing the pavement management data it is apparent that there is some consensus that road conditions are an issue within Millis.

- c) <u>Utility Infrastructure</u> -During the_course of the study the DPW Director indicated that the Department does have maintenance and improvement plans prepared by Kleinfelder for its three utilities and is regularly implementing such investments. A review of the DPW budgets does indicate annual warrant articles with resources to implement various improvement efforts.
- d) Equipment Maintenance The DPW does maintain an inventory of all vehicles and large equipment with model year and a planned replacement year. A review of annual budgets indicates that warrant articles are passed that reflect the acquisition of vehicles so, it would appear that the Town's rolling stock is being replaced on a regular basis. The consultants were not provided workload data reflecting preventative maintenance efforts.
- e) **DPW Facility and Building Maintenance** As indicated elsewhere in this report, the Town is moving forward with repair and enlargement of the DPW headquarters. This project seemingly addresses the operational space needs of the Department. However, the current plan has the DPW continuing to utilize space within the Town Hall, retaining the separation of administration from operations. Other DPW facilities, especially the enterprise utility buildings, have seemingly received regular investment.
- f) <u>Capital Planning</u> The Town does not have a fully robust and comprehensive multi-year Capital Improvement Plan or Capital Budget that details scheduled investments and financing strategies for the maintenance or replacement its physical assets.. However, the Town is currently working to implement a CIP in accordance with their By-laws and a Budget Enhancement Project recommendation from 2018.

Recommendations:

1. <u>Move Forward to Acquire and Utilize an Asset Management System</u> - The DPW should move forward with its efforts to implement a complete asset management system through the CityWorks system that has been described previously within the recommendation for a CMMS to respond to workforce allocation and tracking. The two

functions of maintenance management and asset management are very much intertwined. This tool will improve the level of pro-active management by the DPW.

- 2 Pavement Management The Town should update its pavement management condition data to reflect current conditions. It is likely that the CityWorks system can be used as part this process but given the time-consuming nature of this work it is also likely that the Town will need to utilize the services of an outside engineering firm that is experienced in pavement assessment to assemble such data. As part of that update the Town through its outside firm should identify a plan with costs for implementing short, medium and long term improvements with a goal of having a PCI of 70 or more, or an equivalent measurement data-point, over the next seven years reflecting conditions of fair to satisfactory. The financing of this effort will include the state's Chapter 90 funding and require a level of local investment that should be factored into a comprehensive capital plan. It will also be important to update the PCI as streets are improved or as they deteriorate. The Town should also review the adequacy of its street opening permit system to ensure that any private or municipal utility work is managed to minimize impact on Town roads,
- 3. **Preventative Maintenance** During the course of the study it was reported that Basic preventive maintenance is performed in the Town, but that there are areas that need improvement. It was reported that the Water and Sewer Department has a basic preventive maintenance program for its emergency generators and the pumping stations but that staffing issues limit some timeliness in executing such efforts. The DPW performs basic preventive maintenance program for vehicles and rolling stock with a Mechanic on duty. While this provides the minimum coverage for preventative maintenance, there is more that needs to be done and is stated below. A preventive maintenance system for all assets in the Department is needed to preserve the investment the Town has already made in these items. The computerized work order management system (CityWorks) that has been previously supported within this study would greatly assist a preventive maintenance program to track repairs, maintenance, inspection, testing and costs of the proactive maintenance program for each piece of

equipment.

4. **Capital Planning** - The best tool to ensure proper maintenance or replacement of a Town's physical assets is the development and implementation of a comprehensive Capital Improvement Program (CIP) and Capital Budget. The CIP, Capital Budget and the associated planning process are fiscal and planning tools that allow a Town to monitor the timing and funding of all major capital projects for a DPW and other Town departments. The program should provide a rational process for capital expenditures management and planning for the Town. The CIP process will assist the Town in the deliberate selection, sequencing, and financial planning of infrastructure projects, major equipment purchases and other capital purchases for public works. It will also assist the Town in stabilizing the cost impact on operating budgets, provide a balanced and coordinated program with minimized tax impact, a uniform basis for justifying and prioritizing purchases and projects, and provide a means for communicating capital spending plans so that others can coordinate their own plans with the CIP. Each year, the CIP can and should be reviewed, in light of the Town's priorities; on-going Town, State, and Federal programs/opportunities; economics, and then make adjustments as necessary. The development of a robust CIP and comprehensive Capital Budget as outlined in the 2018 Budget Enhancement Project should be a priority of the Town and the DPW should be actively developing proposals for inclusion within that plan. In addition to the 2018 Report, the Massachusetts Department of Revenue, Division of Local Services, has prepared a report entitled Developing a Capital Improvements *Program: A Manual for Massachusetts Communities*, which is a helpful resource.

3. Financial Administration-Enterprise Funds

Nearly all of the Town Officials and staff interviewed for this study raised questions and concerns regarding the methodology used to establish water, sewer and stormwater rates (the enterprise funds). A reasonable question has been raised as to whether these three enterprise funds are covering all of the cost of these three operations or if the rate structure for these funds has, over time, resulted in the enterprise funds covering more than 100 percent of the cost of operations, which may result in these enterprise funds generating

excess revenue or covering costs that are more appropriately related to the general fund. For the purposes of reviewing these Enterprise Funds the analyses is divided between the longstanding Water and Sewer Utilities, and the more recently created Stormwater Utility. We are excluding the operation of the Transfer Station/Recycling Center, which is largely staffed by one DPW employee, and does not officially function as an Enterprise Fund.

Water and Sewer Enterprise Funds

Developing an enterprise fund cost and rate analysis is both and art and a science. Communities take different approaches in determining the full cost of enterprise fund operations. Larger communities tend to have dedicated staff assigned to their water and sewer operations, which makes the cost analysis easier to calculate. In smaller municipalities such as Millis where DPW staff spread their time among many activities beyond the water, sewer and stormwater operations, the analysis can be more complex to undertake as it becomes necessary to collect data for the daily activities of each DPW employee. A key to developing an enterprise fund analysis that is supported by policy makers and, in turn, residents, is to make it transparent and understandable.

Findings:

As Community Paradigm Associates interviewed Town officials and reviewed numerous documents related to the enterprise funds, the following findings became apparent:

- a) Enterprise Fund Cost Methodology The current methodology for determining the full costs of water and sewer operations is one that has evolved, with incremental changes made over the years. Further, this methodology was largely developed by the previous Town Administrator who also held the title of Director of Public Works. (The Town Administrator no longer holds the title of DPW Director). The current Town Administrator, Finance Director and, to an extent, the DPW Director largely inherited a methodology that they were not involved in creating.
- b) **Direct Costs (Analysis of DPW Staff Hours)** The allocation of DPW staff hours to the four primary DPW cost centers; water, sewer, stormwater and general fund (e.g., road work, field maintenance) has been based on general

work assignments as reported by the DPW Foreman rather than actual data of staff hours worked for these four activities. For example, for the FY21 proposed budget, 3.58 FTEs are being charged to the Water Enterprise Fund, 2.9 FTEs to the Sewer Enterprise Fund, 2.13 FTEs to the Stormwater Enterprise Fund and 2.99 FTEs to the General Fund (exclusive of management and administrative staff). Community Paradigm, however, could not identify historical source documentation to support these figures. That being said, this is not a criticism of the DPW Director or Foreman who are more than willing to implement a more robust methodology for tracking staff time.

- c) Indirect Costs The indirect costs assigned to the water and sewer enterprise funds, while reviewed by the Town's auditors and found reasonable, would benefit from a more robust and transparent methodology. In many communities, indirect costs for enterprise funds are frequently not fully understood from an analytical and budgeting perspective. The current water and sewer indirect cost analysis was developed as early as 2011, we believe largely by the previous Town Administrator. The methodology for this cost analysis was extended to the indirect cost analysis for the more recent Stormwater Enterprise Fund. Any adjustments to the indirect cost analysis for the Water and Sewer Enterprise Funds will also apply to the Stormwater Enterprise Fund.
- d) Cost Allocation for Specialized Licenses Nearly all of the DPW staff (laborers) carry specialized licenses (D-2 and/or T-2) related to water distribution and treatment. Sewer treatment is handled by the Charles River Pollution Control District, a regional facility serving multiple communities. Consequently, DPW staff do not need sewer treatment licenses. As part of the collective bargaining agreement with the DPW union, staff that possess the D-2 and/or T-2 license receive additional compensation. It is quite common for municipalities to pay a premium for specialized licenses. In our interviews with Town officials, a question has been raised as to how many staff should carry this license. The existing collective bargaining agreement does not appear

to limit or allow management to limit the number of staff who can obtain these specialized licenses. Having all staff with the required water licenses is useful for a small department in providing flexibility in staff assignments. This has resulted, however, in higher labor costs for non-water tasks such as stormwater management or field maintenance because staff is paid a higher hourly rate for possessing the additional water treatment and distribution licenses.

e) Water/Sewer Retained Earnings - The water and sewer enterprise funds carry large retained earnings (surplus) balances, larger than may be necessary (see table below). Each year, the Town Accountant prepares a separate balance sheet for each of the Enterprise Funds and submits this balance sheet to the Department of Revenue-Division of Local Services that certifies the retained earnings of each fund. Retained earnings are a reserve, akin to Free Cash in the General Fund. Retained earnings may be appropriated by Town Meeting by majority vote for any purpose within the operations of that particular enterprise fund.

		Water Sewer																				
Fiscal		R	etained	C	Operating	RE as a % of	Retained	0	perating	RE as a % of												
Year	As of	E	arnings	ł	Revenue	Revenue	Earnings	F	Revenue	Revenue												
FY17	6/30/2016	\$	407,723	\$	1,397,794	29%	\$248,711	\$	1,275,194	20%												
FY18	6/30/2017	\$	333,215	\$	1,388,171	24%	\$415,924	\$	1,220,120	34%												
FY19	6/30/2018	\$	591,574	\$	1,706,971	35%	\$578,226	\$	1,319,742	44%												
FY20	6/30/2019	\$	863,466	\$	1,586,014	54%	\$594,598	\$	1,359,833	44%												
note 1: data excludes betterment revenue and available balances (surplus) from prior year Articles.																						
note 2: F	Y17-19 revenue	s are	actual; FY20 i	s esti	mated revenue																	

Tighe and Bond, who assist the Town in the rate-setting analysis, reported that they recommend water and sewer rates to the Town that will generate retained earning equal to 20% of the annual revenue of the particular fund. Whether 20 percent is too high (or too low) depends on a variety of analytical factors including the cash flow needs of the fund, the impact rainy or dry years can have on revenues and operating costs, the potential for significant unforeseen projects, and current and future capital needs of the water or sewer system.

- f) Water/Sewer Rate Setting/Consumption Data The cost of water and sewer operations is only one aspect of the analysis of these enterprise funds. The other side of this analysis is establishing water and sewer rates that are sufficient to cover the cost of operations. The current rate analysis is one developed and updated by Tighe and Bond, consulting engineers to the Town. The water and sewer rate analysis is based on actual consumption for the prior six years and projected consumption for the coming year. Other non-rate revenues are also factored into the equation such as penalties/interest charges, liens, entrance charges, meter disconnects, cross connection inspections and investment income. While the rate analysis and projected consumption figures appear reasonable, Tighe and Bond does not provide for the most recent billing year a comparison of estimated to actual consumption, by billing tier. A simple table such as this can assist Town officials in communicating to residents that the rate analysis is rigorous, especially given the tiered rate structure. Further, as the plumbing code has been updated to require low flow water appliances, and the increasing cost of water has made consumers more conscience of water use, the use of historical data for water consumption/rate setting purposes should be viewed in the context of potential declining water use per capita.
- g) Impact of Anticipated Residential Development on Rates Community Paradigm was provided with information that over the next five years, upwards of 600 new residential units will likely be developed in Millis. This has the potential of reducing water and sewer rates as the fixed costs of the water and sewer system will be spread over a larger base of ratepayers. In its analysis, Tighe and Bond does not provide any projections of how these additional residential units could impact rates going forward.
- h) Water Meter Replacement The DPW Director reports that water meters, which are owned by the Town not the property owner, are over 15 years old on average. Water meters, as they age, typically <u>under-register</u> usage. As a result, a resident with a new water meter such as those found in the new developments in Town, are likely paying for all of their metered water used

while a resident with an older meter is only paying for a percentage of the actual water used. A regular program of meter replacement every 10 – 12 years is typically considered a best practice.

- i) Irrigation Meters The Town does not currently allow for irrigation meters for homeowners with lawn irrigation systems. Some communities allow for a second or irrigation meter so that these property owners are not paying sewer charges for water that will not enter the sewer system. Further, second/irrigation meter water rates are frequently set at a high level, to encourage conservation and reflect the discretionary nature of this water use.
- i) Sewer Connection Requirement Over the years, the Town has extended sewer mains such that more than two-thirds of residents have access to the system. While these sewer mains have been installed by the Town and residents have paid a betterment fee for access to the system, residents/property owners are under no obligation to connect to the Town's sewer system and can continue to rely on their existing septic system. The DPW Director estimates that 150-200 properties have access but are not connected to the sewer system. In calculating the purpose of the number of gallons of wastewater Millis can to send to the Charles River Pollution Control District (the Facility) located in Medway, however, the wastewater permit assumes that all properties with access to Town sewers are connected. It is this higher figure that counts towards the maximum amount Millis can discharge to this Facility. It was reported to Community Paradigm that Millis is close to reaching its permitted discharge limits to the Facility. If this limit is reached or cannot otherwise be increased, development opportunities in Millis will be limited, potentially suppressing growth in the tax base.
- k) Role for the Finance Committee In discussions with the Chair of the Finance Committee, Community Paradigm believes that the Finance Committee can play an important role in understanding and evaluating the water and sewer enterprise fund cost and rate analysis adding credibility and transparency to the process.

Recommendations:

1. Enterprise Funds Cost Methodology – Community Paradigm is unable to respond to questions posed by numerous Town officials during this study; *does the current water and sewer enterprises fund cost methodology represent the full and true costs of water and sewer operations?* We are unable to fully analyze the existing cost analysis as some of the underlaying data used in the current analysis is not documented and, therefore, could not be corroborated.

The current leadership involved in DPW operations, that is the Town Administrator, DPW Director and Finance Director, should have an enterprise fund methodology that is their own, that they have confidence in supporting to the Select Board, Finance Committee and residents, and that can be updated annually by Town staff. Further, the enterprise fund methodology needs to be documented for Town policy makers. This documentation will also be helpful for when there are staff retirements or turnover, so that new staff can understand and update the analysis. **We believe this will require a full revision of the enterprise fund methodology incorporating recommendations 1A and 1B below.**

1A. Direct Costs (Analysis of Staff Allocation of Time to Water and Sewer Enterprise Operations) – Central to developing a full revision to the enterprise fund methodology is determining a methodology for capturing DPW staff time associated with water, sewer, stormwater and general fund activities. Discussing this with Town staff, we see three options for measuring staff time in the DPW:

 Option 1: Work Order Application (e.g. CityWorks) – The DPW Director is evaluating a CMMS application called CityWorks. CityWorks has the potential for tracking work assignments of the DPW staff, associating these assignments with specific staff, tracking hours and summarizing this information for management purposes (Workforce for ArcGIS). CityWorks also includes a geographic information system (GIS) module that would be the repository for maps and data related to streets, sidewalks, water and sewer mains, street and traffic lights and most any physical asset owned by the Town. The DPW Director has identified the Boston Water and Sewer Commission and the Town of Canton as CityWorks clients in Massachusetts. While a system like this would be a 'gold standard' for managing data, work orders and physical assets of the Town, we have significant concerns with the Town's ability to successfully implement this software application given the lack of information technology staff in general and administrative staff in the DPW. The Town has a contract with Kleinfelder engineers for \$147,500 (to be revised to \$116,500) for assistance in implementing CityWorks. In addition, the Town will enter into a long-term agreement with CityWorks with funding from a current State grant. It is unclear how future funding for the CityWorks application will be funded and how much of this funding will be directed to Kleinfelder.

- Option 2: Expanding DPW's Existing Staff Time Tracking Approach A second approach to tracking work assignments and, in particular, staff time would be to expand the existing system used by the DPW Foreman and office staff. Currently, the DPW Foreman records general staff work assignments each day and whether the assignment is related to water, sewer, stormwater or general fund activities. The DPW Foreman has indicated that he could expand this system to track actual work hours of each staff person for each daily assigned task. The DPW Office Manager has indicated that she could record these staff hours in the Excel spreadsheet that she currently prepares for payroll purposes. Finally, the Finance Director has indicated that she could set up the MUNIS (accounting system) payroll master file for each employee to assign hours/salary to the appropriate cost center. If this approach is adopted, we recommend for budgeting purposes, that the Town use the work hour data from one fiscal year to establish the enterprise fund(s) budgets for the subsequent fiscal year. Eventually, with multiple years of data, the Town could budget based on the staff time rolling average for the prior three years.
- Option 3: Developing a Staff Time Sampling Approach This option is a variation of the Staff Time Tracking Approach explained in Option 2. In this option the Town would track staff hours for one week per month (or some

similar variation) and extrapolate this data for an entire year. While not the preferred approach, this may be less onerous for the DPW Foreman and administrative staff.

In addition to staff time, other direct costs of the water and sewer enterprise funds should include:

Expenses – Contractual services, clothing, testing, training and memberships, inspections, equipment hired, vehicle repairs (also see indirect cost analysis below), fuel, utilities, supplies, small equipment purchased, debt service and the Charles River Pollution Control District assessment (for the sewer fund). These categories have already been set up in MUNIS chart of accounts for each enterprise fund.

1B. Indirect Costs – During our interviews we heard numerous questions regarding how indirect costs are assigned to the enterprise funds. As stated above in our findings, enterprise fund cost analysis is as much an art as a science. In whatever manner that indirect costs are calculated, it is suggested that the Town Administrator, DPW Director, Finance Director, Select Board and Finance Committee be involved and help vet the methodology. Below is a summary of the components of Indirect Costs and a sample methodology for calculating the annual costs to be assigned to the enterprise funds. This sample methodology is based on models used in other communities.

- Equipment Maintenance: Since it is unlikely that there are many dedicated water or sewer vehicles or equipment, it is suggested that a percentage of the DPW equipment maintenance budget (salaries and expenses) be assigned to each of the enterprise funds based on the percentage of salaries and expenses these funds are to the overall DPW salary and expense budget.
- Auto Insurance: The Town's insurance carrier should be able to provide the cost of auto insurance for each DPW vehicle. The Town would then assign to this insurance figure the percentage of DPW staff time for each enterprise fund to the total DPW salary budget as a proxy for the auto insurance costs.

 Indirect Departmental Costs: a) For the Town Administrator's Office and Finance and Accounting and Information Technology, first calculate the total salaries and expenses in these offices as a percentage of total Townwide salaries (exclude school salaries) and use this percentage as a proxy assigned to the enterprise funds. For example, in the sample below indirect costs for the Town Administrator, Finance/Accounting and Information Technology, which are all departments that support the DPW/Water Enterprise Fund, \$35,000 is considered an indirect salary cost and \$17,438 an indirect expense cost. This is based on these DPW salaries and expenses as a percentage of general government salaries and expenses (less benefits, debt service and other Townwide fixed costs).

WATER ENTERPRISE FUND-INDIREC	ATER ENTERPRISE FUND-INDIRECT DEPARTMENTAL COSTS									
SAMPLE ONLY	Salaries		% of Total		\$	Expenses		% of Total		\$
All General Government	\$	6,000,000				\$1	,858,000			
WATER	\$	300,000	5%			\$	400,000	22%		
Indirect Departmental Costs										
Town Administrator	\$	300,000	5%	\$	15,000	\$	65,000	22%	\$	13,994
Finance Director and Accounting	\$	250,000	5%	\$	12,500	\$	6,000	22%	\$	1,292
Information Technology	\$	150,000	5%	\$	7,500	\$	10,000	22%	\$	2,153
Total-Indirect Departmental Costs				\$	35,000				\$	17,438
ote: in this model fixed expenses such as pension and health insurance costs are excluded from expenses since they are included elsewhere in the nterprise fund indirect cost model.										

b) For the Treasurer's Office a different allocation model is recommended. As shown in the sample below, the Town would determine the number of water and sewer bills issued annually by the Treasurer as a percentage of total bills (i.e., water/sewer, motor vehicle excise, stormwater and real estate and personal property bills). Assign this percentage of water/sewer bills as a proxy for of the Treasurer's Office indirect costs (salaries and expenses). For example, the water enterprise fund should be assigned 24% of the cost of the Treasurer's Office budget and the sewer enterprise fund 13% of the Treasurer's Office budget.

	Number of Bills							
Type of Bill	Annually	% of Total						
Real Estate	14500	34%						
Water	10184	24%						
Sewer	5616	13%						
Stormwater	2975	7%						
Motor Vehicle Excise (est.)	8787	21%						
Total	42062							
note: RE, Water and Sewer bills totals reflect four quarterly billings								

SAMPLE ONLY		Indirect Attributable Ent. F	Costs to Water und	Indirect Costs A to Sewer En	ttributable it. Fund
Treasurers Office		%	\$	%	\$
Total Salaries	\$150,000	24%	\$ 36,318	13%	\$ 20,028
Total Expenses	\$ 50,000	24%	\$ 12,106	13%	\$ 6,676
Total Prorated Costs			\$ 48,424		\$ 26,704

 Workers' Compensation: The Workers Compensation indirect cost is based on the payroll assigned to each enterprise fund (workers compensation premiums calculate all hours at straight time, even if paid at an overtime rate). The Town can obtain the Workers Compensation codes and rates (known as the manual rate) from its Workers' Compensation insurance carrier. The Town will find that the workers compensation manual rate will be highest for DPW laborers and lowest for administrative staff. (We recommend this methodology even if the Town is self-insured for workers compensation benefits.) For example:

А		В	С		(C/100*B)				
					W	orkers			
			Sa	laies for	C	comp.			
			All	Hours @	In	direct			
WC Code	Rate	/\$100	Stra	aight Time	(Costs			
9402	\$	3.92	\$	100,000	\$	3,920			
7520	\$	2.77	\$	100,000	\$	2,770			
8810	\$	0.07	\$	100,000	\$	70			
note 1: the WC code and rate can be obtained from the Town's insurer. note 2: WC codes and rates can be added to the Town's MUNIS employee master file to									
	A WC Code 9402 7520 8810 I rate can be o tes can be add n.	A WC Code Rate 9402 \$ 7520 \$ 8810 \$ Irate can be obtaine tes can be added to to n.	A B WC Code Rate/\$100 9402 \$ 7520 \$ 7520 \$ 8810 \$ 0.07 trate can be obtained from the tes can be added to the Town's n.	A B A B WC Code Rate/\$100 9402 \$ 3.92 7520 \$ 2.77 8810 \$ 0.07 trate can be obtained from the Town's MUN n.	A B C A B Salaies for All Hours @ WC Code Rate/\$100 Straight Time 9402 \$ 3.92 \$ 100,000 7520 \$ 2.77 \$ 100,000 8810 \$ 0.07 \$ 100,000 Interview of the town's insurer. tes can be added to the Town's MUNIS employee min.	A B C (C/2) A B C (C/2) A B Salaies for M Salaies for A C A MC Code Rate/\$100 Straight Time A 9402 \$ 3.92 \$ 100,000 \$ 7520 \$ 2.77 \$ 100,000 \$ 8810 \$ 0.07 \$ 100,000 \$ Trate can be obtained from the Town's MUNIS employee master n. state s			

• Employee Benefits (Health and Life Insurance, Medicare, OPEB) for Active and Retired Employees: Identify the Town's portion (based on the percentage contribution) of the actual employee health insurance premium, life insurance and Medicare costs for all DPW employees and prorate this cost by the percentage of employee water/sewer staff time. Prepare a similar calculation for retired DPW employees based on the same proration. In the sample analysis below, the water enterprise fund would be assigned \$8240 for health insurance, \$49 for life insurance and \$495 for Medicare for those employees assigned to the water enterprise fund. In addition, retired DPW employees would be allocated retired benefit costs based on the active employee average of 16.3 percent or \$3575 for health insurance costs. (There are no life insurance or Medicare costs for retirees). While not shown in the table below, Other Post-Employment Benefits (OPEB) is also a valid indirect cost. The Town's OPEB actuarial study (page 13) includes a calculation for the OPEB liability for the Water and Sewer Enterprise Funds.

WATER ENTERPI	RISE FUND				Towr	ı's C	ontribu	utio	n		Indirect Cost for Benfits							
				A F	Innual Iealth					Percentage							T Be	otal- nefits:
				Ins	surance	1	Life	Me	edicare	Allocation				Life			In	direct
SAMPLE ONLY	Plan Type	:	Salary	Pr	emium	Insu	urance	@	1.45%	to Water *	Hea	alth Ins.	Ins	urance	Me	dicare	(Costs
Employee 1	Blue Cross Family	\$	55,000	\$	15,000	\$	75	\$	798	22.0%	\$	3,300	\$	16.50	\$1	75.45	\$	3,492
Employee 2	Blue Cross Individual	\$	53,000	\$	6,800	\$	75	\$	769	15.0%	\$	1,020	\$	11.25	\$1	15.28	\$	1,147
Employee 3	Fallon Family	\$	53,000	\$	14,000	\$	75	\$	769	3.0%	\$	420	\$	2.25	\$	23.06	\$	445
Employee 4	Fallon Family	\$	50,000	\$	14,000	\$	75	\$	725	25.0%	\$	3,500	\$	18.75	\$1	81.25	\$	3,700
Total-Active Employees										16.3%	\$	8,240	\$	49	\$	495	\$	8,784
Retiree 1	Medicare Supplement		NA	\$	4,000	\$	-	\$	-	16.3%	\$	650	\$	-	\$	-	\$	650
Retiree 2	Medicare Supplement		NA	\$	4,000	\$	-	\$	-	16.3%	\$	650	\$	-	\$	-	\$	650
Retiree 3	Fallon Family		NA	\$	14,000	\$	-	\$	-	16.3%	\$	2,275	\$		\$	-	\$	2,275
Total-Retirees											\$	3,575					\$	3,575
*note: the 16.3% aver	age for the employee percentage	allo	cation is also	o use	d as a prox	/ for D	PW retire	es										

 Retirement Costs – According to the most recent Norfolk County Retirement System Actuarial Report, in FY21, Millis' pension costs are 25.8 % of payroll (payroll is defined as straight time pay and other pensionable pay like longevity and license stipends for each employee). This pension calculation should be prorated for each enterprise fund based on the staff hours calculated as part of direct costs. For retired DPW employees, the Town should obtain from the Norfolk County Retirement System the actual pension portion of the retirees pay, net of the annuity portion (i.e., the employees' contribution) and then prorate this cost by the percentage of employee staff time assigned to each fund. In the sample analysis below the indirect pension costs for active employees is \$7027 and \$2641 for retirees.

WATER ENTERPRIS	SE FL	JND-PENS					
SAMPLE ONLY -			Percentage		Salary	Тс	otal Pension
Active			Allocation to	Alle	Allocated to		lirect Costs at
Employees	Salary		Water*		Water		25.8%
Employee 1	\$	55,000	22.0%	\$	12,100	\$	2,662
Employee 2	\$	53,000	15.0%	\$	7,950	\$	1,193
Employee 3	\$	53,000	3.0%	\$	1,590	\$	48
Employee 4	\$	50,000	25.0%	\$	12,500	\$	3,125
Total-Active							
Employees			16.3%			\$	7,027
Retirees	Ρε	ension**					
Retiree 1	\$	38,500	16.3%	\$	6,256	\$	1,017
Retiree 2	\$	7,900	16.3%	\$	1,284	\$	209
Retiree 3	\$	43,000	16.3%	\$	6,988	\$	1,135
Retiree 4	\$	51,500	16.3%	\$	8,369	\$	1,360
Retiree 5	\$	28,700	16.3%	\$	4,664	\$	758
Retiree 6	\$	35,500	16.3%	\$	5,769	\$	937
Total-Retirees						\$	5,416
*note: the 16.3% averag	e for t	the employee p	percentage allocation	ı is also	used as a prox	y for DP	W retirees
** note: retiree nension (data k	ased on infor	mation from the Trea	surer Co	ollector and No	rfolk Co	Retirement Board

- General Liability and Property Insurance The Town's insurer can assist the Town in identifying the portion of general liability and property insurance that can be attributed to the water and sewer funds.
- Cost Allocation for Specialized Staff Licenses As noted in the Findings section, most DPW staff have a D-2 water distribution or T-2 water treatment license and receive additional compensation, currently at \$40 per week, for holding these licenses. 100% of the additional compensation paid for these licenses should be attributed to the water enterprise fund as well as the \$500 paid to an employee to offset the cost of obtaining a license.
- 2. **Water/Sewer Retained Earning** Best practices in municipal finance suggest that retained earnings should be established at a level to meet the following purposes:
 - Cash Flow: Working with the Treasurer, determine whether the timing of water billing and collections has any cash flow impact on the Town. Given that Millis bills quarterly, in August, November, February and May, it is unlikely that the Town should hold any significant amount of Retained Earnings for cash flow purposes to

fund the enterprise fund operations. Cash flow should also be reviewed for the purpose of funding water or sewer related debt service. If necessary, the Treasurer can schedule debts service payments to coincide with the billing and collection cycle.

- Rate Stabilization During years with significant rain during the summer months, the Town may sell less water as outside irrigation is reduced. The Town's costs for operating the water system, however, does not decrease in similar proportions, if at all during rainy years. Looking at prior year consumption data the Town should identify rainy years and the impact these years have on revenues. Based on this information maintaining some level of Retained Earnings is appropriate so that the Town can offset the impact of a revenue shortfall during these years.
- Emergency Repairs Working with the DPW Director and Town's engineering consultants, determine an amount of Retained Earnings necessary to cover potential unbudgeted emergency repairs such as replacing pumps in the pumping station, repairing major water main breaks, etc.
- Capital Purchases Based on the Town's capital planning process the Town may want to use Retained Earnings to smooth out the financial impact for those capital purchases that are not large enough to be financed with debt.
- Debt Stabilization for Large Capital Purposes Based on the Town capital planning process, the Town may want to use Retained Earnings to smooth out the impact debt service can have on water/sewer rates resulting from large capital projects.
- 3. Water/Sewer Rate Setting/Consumption Data Tighe and Bond provides a robust water and sewer rate analysis for the Town. The most important aspect of this analysis is the estimated consumption data <u>by billing tier</u>. This consumption data is based on the prior six years of actual consumption, which is certainly an appropriate level of historical data although we would prefer 10 years of historical data to better identify how consumption is impacted during rainy and dry years. Our one suggestion is that for the most recent year of actual data, Tight and Bond also provide the Town with their estimated consumption amounts as well. This will provide the Town with some additional insight on the accuracy of the Tighe and Bond analysis.

- 4. Impact of Anticipated Residential Units on Rates Tighe and Bond, as part of its rate analysis for the Town, also provides projected rates for the coming eight years based on projected increases in the cost for water/sewer service (e.g., salary increase, capital costs, changes in debt service). Tighe and Bond should also provide the Town with projected rates given the estimated 400-425 units of housing either under construction or permitted. Based on the current water consumption per household or using accepted standards of water usage per bedroom per unit, Tighe and Bond could determine how water and sewer rates will be impacted by the increase in housing units. As the number of housing units increases, one would expect that this will place downward pressure on water and sewer rates as fixed costs of the systems will be spread over a larger base of ratepayers. This information may also be helpful to Town officials in developing a funding plan for water and sewer capital projects.
- 5. Water Meter Replacement As water meters age, they begin under-recording water usage by material amounts. This can create an equity situation between those customers with newer meters paying for all water used and those customers with older meters paying for less than all water used. The best practice is that water meters that are 10-12 years old be replaced. Given the age of the Town's water meters, it is suggested that the capital plan include a request to replace all meters older than 10 years old. Further, it is recommended that the cost of water meter replacement (equipment and installation) be built into water and sewer rates, funded either by retained earnings or debt (5-10 year bond).
- 6. **Irrigation Meters** Currently, residents with inground irrigation systems are charged for both water and sewer usage for operating these irrigation systems even though irrigation water does not enter the sewer system. Many towns allow residents, at their own cost, to have a second 'irrigation' meter installed. The Town then bills only for water consumption recorded on this meter. Allowing irrigation meters can be seen as being a more equitable billing approach for customers. That being said, because water conservation is crucial and the use of water for irrigation is not for health and safety, municipalities that allow irrigation meters generally charge for this water at the highest billing tier. If Millis were to adopt this change it would, over time as more

irrigation meters are installed, reduce the revenue collected from sewer rates and increase revenue collected from water rates. Of course, overall, the change would need to be revenue neutral for both enterprise funds, continuing the practice of water and sewer rates covering all of the cost for this service.

- 7. Sewer Connection Requirement The Town's sewer capacity at the Charles River Pollution Control District is limited, by permit, to 628,000 gallons per day. While the Town is currently sending an estimated 393,000 gallons per day to this facility, another 218,000 gallons per day are assumed in the Town's permit limit based on properties which currently have access to a sewer main or will have access to the Town's sewer system even though they are not currently connected to the system. This phantom use is calculated at 110 gallons per day per bedroom. As recommended in the GCG Associates Report dated January 27, 2020, the Town should establish a policy with a timetable to mandate sewer hook-ups or establish a process to 'buy back' the betterment paid by the property owner to free-up capacity at the Charles River facility. Otherwise, the Town may be stymied in future development by a lack of sewer capacity, which in turn would hamper growth in the tax base. Alternatively, the Town can explore with the Charles River Pollution Control District whether it has the ability to increase the Millis sewer capacity limit.
- 8. **Role for the Finance Committee** In developing or updating the funding methodology for the water and sewer enterprise funds, the Finance Committee can play an important role in vetting the methodology, which will hopefully improve transparency and foster confidence by ratepayers. It is suggested that two or three members of the Finance Committee act as liaisons to the DPW staff if the Town chooses to update it enterprise fund cost analysis.

Stormwater Operations/Enterprise Fund

In the review of the Stormwater Operations/Enterprise Fund for this study, Town Officials raised three primary questions and concerns:

- Similar to the questions raised as part of the water and sewer enterprise funds analysis, is the methodology used to establish the cost of stormwater operations accurate or are they overstated, particularly indirect costs, which may result in the Stormwater Enterprise Fund generating excess revenue or covering costs that are more appropriately related to the General Fund;
- 2. Has the annual cost of the Department of Public Works (DPW) stormwater operations varied significantly from what was projected when established in 2018;
- 3. Has the stormwater fee varied significantly from what was projected with Town Officials and Town Meeting in 2018?

Overview

Stormwater management has become an increasingly complex part of infrastructure management for municipalities nationwide. This is not only a result of new permitting requirements (typically referred to as MS4) of the U.S. Environmental Protection Agency (EPA). In addition, Millis like most communities has done little to maintain or upgrade its stormwater infrastructure since it was installed decades ago. This infrastructure is valued at millions of dollars and includes key culverts, drains, pipes and brooks that play a role in recharging groundwater, flood control, and water pollution control efforts.

Implementation of the MS4 permits was delayed by the EPA for many years due to concerns raised by local governments as to the high cost of implementing new stormwater management requirements, the lack of clarity and complexity of the regulations and disagreement over the role of State environmental agencies in regulating stormwater. Permits were eventually issued in July 2017, but challenged in federal court by a consortium of municipalities (Town of Franklin and other Massachusetts municipalities and Center for Regulatory Reasonableness, heard in the U.S. District Court for the District of Columbia). This legal challenge was based on the short time period to implement stormwater requirements, the cost of implementation and the EPA's requirement that stormwater could not further degrade water quality under the Clean Water Act. This last requirement is largely related to phosphorous runoff in stormwater. In effect, under the MS4 permit, municipalities were being required to comply with the Clean Water Act, even though stormwater pollution is partially the result of the actions of entities (private property owners) that a municipality has little control over.

The legal challenge to the federal stormwater requirements was apparently resolved through mediation in December 2019, although is subject to further revisions during the public comment period. The parties to this legal challenge, however, do not anticipate further substantive changes in the proposed revised regulations. Assuming the court decision stands as currently proposed the EPA, in coordination with the Massachusetts Department of Environmental Protection (MADEP), will began issuing revised MS4 permits to Massachusetts municipalities.

Stormwater management is an important environmental issue because stormwater runoff frequently transports pollutants through municipal separate stormwater sewer systems (MS4s), where it is discharged, often untreated, into local water bodies. Most residents know the stormwater system as the 'storm drains' that they see on town streets. These storm drains, unfortunately, carry pollution during rain events and snow melt, including oil, trash, and any other materials found on lawns, streets and parking lots.

The MS4 permit typically require municipalities to act in six areas:

- 1. Public Education and Outreach
- 2. Public Involvement/Participation
- 3. Illicit Discharge Detection and Elimination
- 4. Construction Site Stormwater Runoff Control
- 5. Post-Construction Stormwater Runoff Management
- 6. Pollution Prevention/Good Housekeeping

The MS4 permit also requires a municipality to enact a Stormwater bylaw, which Millis has done (Article XXIII of the Town's bylaws), effective on February 26, 2018.

On a practical basis, Stormwater management typically involves the following DPW activities as outlined by the Town in documents related to the Stormwater Utility Fee:

- Increased street sweeping and cleaning of Town sewer catch basins
- Detection and removal of illicit discharge of pollutants to the storm sewer system
- Planning, constructing and maintenance of stormwater management structures
- Development of good housekeeping practices and pollution prevention plans for Town properties and infrastructure
- Implementation of stormwater outreach programs to residents, businesses and developers
- Permit administration and reporting

Due to the high and increasing costs of stormwater management many municipalities nationwide have moved to establish Stormwater enterprise funds and fee structures to help finance these costs. The EPA has encouraged municipalities to investigate possible funding mechanisms by unequivocally stating, in part, *that the program as designed will cost significantly more than has traditionally been spent on stormwater infrastructure management and will become more expensive in successive permit terms (emphasis added).* In Massachusetts, two new State laws were approved (MGL Chapter 83, Section 16 and MGL Chapter 40 Section 1A) to allow municipalities to establish a stormwater management utility and to charge utility fees for managing stormwater. It is a relatively new trend for Massachusetts cities and towns to establish stormwater management fees. <u>Millis Officials should be recognized for proactively developing a funding mechanism for its Stormwater management operating and capital program.</u>

Findings

Community Paradigm, in its review, did not look at the technical aspects of Millis Stormwater management program. The Town has hired Kleinfelder engineers for this purpose and, based on our review of their documents, Kleinfelder appears to be providing the Town with appropriate and comprehensive analysis and advice regarding Stormwater management.

As Community Paradigm Associates interviewed Town officials and reviewed numerous documents related to the stormwater operations, the following management and policy issues arose:

- a) Enterprise Fund Cost Methodology As stated in the water/sewer enterprise findings section of this report, the allocation of DPW staff hours to the four primary DPW cost centers; water, sewer, stormwater and general fund (e.g., road work, field maintenance) has been based on general work assignments as reported by the DPW Foreman rather than actual data of staff hours worked (direct costs) for these four activities. Further, the indirect costs for the stormwater enterprise fund are based on the water/sewer enterprise fund model, which has been questioned by some Town officials and, therefore, raises similar concerns about the validity of the stormwater enterprise fund methodology.
- b) **Stormwater Fee Appeal Process** The stormwater bylaw provides an appeal process for property owners who question the amount of impervious surface on their properties and, therefore, the stormwater fee they have been billed. Of the 2975 stormwater accounts, 25 property owners appealed their impervious surface calculation in FY2019 and 17 in FY2020. Appeals are heard by the DPW Director, Finance Director and Treasurer Collector before being brought to the Select Board (acting as the Board of Stormwater Commissioners). Any appeal that is related to the Town's impervious surface determination is brought to Kleinfelder who reviews the calculation.
- c) **Cost of Stormwater Management Program** Kleinfelder, the Town's consulting engineer, provided the Select Board with a detailed memorandum related to stormwater management funding; *FY2019-2021 Stormwater Management Program Cost Analysis for Stormwater Utility Implementation Phase 2 (dated March 15, 2018).* In that report Kleinfelder estimated the cost for the stormwater management program. Since Community Paradigm has received questions about whether the actual cost of the stormwater program differs from Kleinfelder estimate, we have summarized below the estimated and budgeted amount for stormwater management for FY2019-2021, operating as an enterprise fund:

	Estimated Annual Costs/Revenues									
	Kle	einfelder								
	Avg. Year									
	(FY:	(FY19-21) Est.								
		with	Mil	lis FY2019	Mil	lis FY2020	Millis FY2021			
Operating Budget	Cor	ntingency	Actual		Арр	propriated	Proposed			
Labor	\$ 129,349		\$	134,570	\$ 168,224		\$	166,954		
Expenses and One-										
Time Costs	\$	308,083	\$	116,679	\$	182,691	\$	193,041		
Indirect Labor &										
Expenses	\$	130,022	\$	129,272	\$	132,266	\$	135,573		
Contingency	\$	56,745								
Total	\$	624,199	\$	380,521	\$	483,181	\$	495,568		
	con	nbined with								
Conital Rudgat	0	one-times		225 562		110 010	~	104 422		
Capital Budget	exp	enses above	Ş	225,503	Ş	116,819	Ş	104,432		
and Capital Budget	~	C24 400		COC 004		coo ooo	~	coo ooo		
and Capital Budget	\$	624,199	\$	606,084	Ş	600,000	Ş	600,000		
Estimated Revenues	t available	\$	610,594	\$	639,275	\$	600,000			
source: Town of Millis, Finance Department and 3.15.2018 Kleinfelder memo, attachment B. FY2020 revenues include prior year payments of approximately\$ 44,700 and penalties/interest of \$2800.										
note: Kleinfelder budget preser	note: Kleinfelder budget presentation is organized differently than how Town prepares its budget									

It should be noted that the Kleinfelder estimate for stormwater management for the coming three-year period (FY19-21) is only the cost of day-to-day stormwater management tasks (e.g., street sweeping, catch basin and culvert cleaning) with a small additional amount for capital infrastructure needs. At the time Kleinfelder's budget estimate was prepared the Town and Kleinfelder agreed to defer addressing the significant capital requirements of the stormwater system while the legal challenge to the federal regulations was ongoing and given the Town wanted to complete a Master Plan for the stormwater system.

d) **Fee Structure of Stormwater Management Program** - Questions have been raised by Town officials as to whether stormwater management fees charged to property owners are consistent with the fee structure projected by Kleinfelder and presented to the Town. In its March 15, 2018 memorandum, Kleinfelder estimated that "60% of parcel owners would pay \$100 or less in stormwater fees annually". The data shows that 1530 property owners or 51.4 percent are paying \$99 or less annually. Below we have summarized the actual fees for FY2019 and 2020 (the Town has proposed that this fee structure remain in effect for FY2021):

Distribution of Stormwater Management Annual Fee											
Sq. Ft. Impervious Area	Billing Units	Annual Fee		Number of Properties	Percent of Properties	Cummulative Number of Properties	Cummulative Percent of Properties				
1-199	0	\$	-								
200-1499	1	\$	33	95	3.2%	95	3.2%				
1500-2499	2	\$	66	756	25.4%	851	28.6%				
2500-3499	3	\$	99	679	22.8%	1530	51.4%				
3500-4499	4	\$	132	561	18.9%	2091	70.3%				
4500-5499	5	\$	165	272	9.1%	2363	79.4%				
5500-6499	6	\$	198	148	5.0%	2511	84.4%				
6500-7499	7	\$	231	83	2.8%	2594	87.2%				
7500-8499	8	\$	264	72	2.4%	2666	89.6%				
8500-9499	9	\$	297	54	1.8%	2720	91.4%				
9500+	10+	\$	330	255	8.6%	2975	100.0%				
Total				2975	100.0%						
source: Town of	Millis										

e) Stormwater Activities Previously Accounted for in the General Fund – Certain activities, such as street sweeping and catch basin cleanout, have been provided by the DPW for many years and were considered general fund activities. During our interviews some Town officials asked if it was appropriate that these activities, which were funded by the general fund/tax levy before the MS4 permit was issued, should now be part of the Stormwater Enterprise Fund. Further, how are the general fund/tax levy revenues that previously financed these limited stormwater activities now being used? In general, we found that DPW activities currently being allocated to the Stormwater Enterprise Fund are appropriate, regardless of the fact that some of these activities were previously funded in the General Fund.

Recommendations

- 1. Enterprise Fund Cost Methodology For the Stormwater Enterprise Fund cost methodology, we are restating our conclusion made in the Water/Sewer Enterprise Fund section of this report. Community Paradigm is unable to respond to the question; *does the current stormwater enterprises fund cost methodology represent the full and true costs of operations?* We are unable to fully analyze the existing cost analysis as some of the underlying data used in the current analysis is not documented and, therefore, could not be corroborated. Similar to our recommendation regarding the water and sewer enterprise funds, the stormwater enterprise fund methodology needs to be documented for Town policy makers. This documentation will also be helpful when there are staff retirements or turnover so that new staff can understand and update the analysis. We believe this will require a full revision incorporating recommendations found above in sections 1A and 1B of the Enterprise Funds Cost Methodology.
- **2.** Stormwater Appeal Process There has been a relatively modest number of appeals by property owners of the calculation of impervious surface/annual stormwater fee. This suggests that the GIS approach taken by the Town to measure the impervious surface on a property is accurate. For those property owners who do file an appeal, their request is first heard by the DPW Director, Finance Director and Treasurer Collector before going to the Select Board for final action. The DPW Director, Finance Director and Treasurer Collector are to be recognized for being the public-face of this program and new fee. That being said, Community Paradigm recommends that the Select Board consider appointing a three-person Stormwater Appeals Board, with staff support from the DPW Director or designee, to hear appeals and make recommendations to the Select Board. We are not in any way questioning the ability of the Town staff to objectively and fairly hear appeals. Rather, given the newness of this program, we believe that residents would consider having their appeal heard before a 'panel of their peers' a more objective and transparent process, similar to how the Board of Assessors hears property valuation appeals. The Stormwater Appeals Board would then make a recommendation to the Select Board who would

either grant the appeal if recommended; deny the appeal if recommended; or be the final step of an appeals process if the applicant does not agree with the recommendation of the Appeals Board.

- 3. Cost of Stormwater Management Program Based on the data provided to Community Paradigm the Town is budgeting an amount for stormwater management that is consistent with the 2018 Kleinfelder estimates. We cannot emphasis enough, however, that Kleinfelder was quite clear in its March 2018 memorandum to the Town that this cost estimate for the first three year of the stormwater management program was for the day-to-day stormwater operations, pending the resolution of the legal challenge and a complete stormwater Master Plan. Community Paradigm strongly supports and encourages the Town's efforts to undertake a Stormwater Master Plan in order to understand the full extent of its stormwater capital infrastructure needs over the next 20 years. Once this is known, the Town will need to develop a capital and financing plan for implementing these infrastructure improvements. In all likelihood the Town will need to increase the amount of the Stormwater Management fee if it wishes to have a sustainable mechanism to fund these improvements from revenues of the Stormwater Enterprise Fund.
- 4. Fee Structure of Stormwater Management Program Based on the data provided to Community Paradigm, resident fees are largely in line with what was projected by Kleinfelder. Kleinfelder estimated that 60 percent of property owners would pay \$100 or less in stormwater fees annually. In fact, 51.4 percent pay \$99 or less. The Select Board are to be recognized for holding his fee structure constant for the first three years of the program until a stormwater assessment and master plan are completed. Once the Town completes its assessment and master plan, it will have a much better understanding of the extent of the deferred capital needs of its stormwater infrastructure. The current stormwater fee structure will likely be insufficient to meet these capital infrastructure needs and to comply with the MS4 permit. While we have no specific recommendations regarding the current or future fee structure, we do recommend that the Town continue its process of informing residents of the importance of maintaining Stormwater infrastructure and the all but certain scenario

that stormwater fees will increase if the stormwater Enterprise Fund is to finance stormwater capital infrastructure projects. Lastly, there are steps individual property owners can take to mitigate the stormwater runoff from their properties. Property owners who reduce stormwater runoff are eligible for a reduction of their stormwater fee. Community Paradigm recommends that the Town continue to provide written materials of easy to understand options for property owners who may wish to undertake stormwater mitigation on their own properties.

5. Stormwater Activities Previously Accounted for in the General Fund – It is appropriate for all stormwater activities to be included in the Stormwater Enterprise Fund. By doing so, Town officials and residents have a true and complete picture of the cost of implementing the MS4 permit and for upgrading this important part of the Town's infrastructure. The fact that some of these stormwater activities were at one time funded with General Fund/tax levy revenues is important to note, but not necessarily relevant in terms of the establishment of the Stormwater Enterprise Fund. The freeing up of General Fund/tax levy revenues may have been discussed at a Select Board meeting or Town Meeting. From a policy perspective, there is certainly nothing inappropriate in redirecting General Fund/tax levy revenues that have been 'freed up' by the Stormwater fee to other critical Town or School purposes. We have no specific recommendations regarding redirecting funds for stormwater activities previously accounted for in the General Fund.

4. Organizational Structure and Staffing

As noted within the Department Overview section of this report, the prior Millis Town Administrator had served in the dual capacity as DPW Director for a number of years, in accordance with a Town By-Law. During that time the day-to-day operations were managed by a Chief of Operations with the primary responsibilities of managing the business functions of the department. After a By-Law change in 2018 the DPW Director responsibilities were separated from the Town Administrator and the Chief of Operations became the Director, and assumed the additional responsibilities. There were no further modifications to the structure of the department, or re-allocation of management and administration responsibilities to other staff. However, based upon the review conducted through this study, and the recommendations that have been included in other sections of this report, there are a number of findings and recommendations relating to the DPW structure and staffing that should be considered.

Findings:

- a) **Organizational Structure/Management and Administration** The Department structure provides little in distribution of management and administration responsibilities. The Director has the departmental management responsibilities that are included within that position along with the business functions of the department. A single Foreman that directs and oversees the crews that work on water, sewer, streets, parks, cemeteries and other assigned projects supports the Director in his operational responsibilities. A Departmental Assistant that offers administrative support for financial management, procurement documentation, resident requests for service, and some level of data assemblage and analysis assists the Director in his business functions. It is likely that instituting the recommended CMMS for work planning and asset management will add additional responsibilities for the Foreman and Departmental Assistant, but will improve overall departmental effectiveness.
- b) <u>Staffing for Stormwater Management –</u> With the EPA's issuing of the MS4 permit and its requirements, the DPW added one additional laborer's position to assist with the many requirements for maintaining the stormwater system. The Town continues to rely on Kleinfelder engineers for technical services related to stormwater. In FY20, the Town expects to expend approximately \$64,500 for engineering services from Kleinfelder specifically related to implementing the MS4 permit requirements.
- c) <u>Staffing</u> A review of staffing data for peer communities indicates that Millis operates with approximately 4 FTEs less than peer communities. Unlike a number of peer communities the cross-trained and cross-assigned nature of the DPW staff does potentially provides efficiencies that allow the department to operate more efficiently. However, an analysis of workload and reports of deferred work and preventive maintenance by the Director indicates a potential need for an increase in overall staffing.

Recommendations:

1. Organizational Structure/Management and Administration -

A. The Town has begun to implement modifications to the management and administrative structure of the DPW. We would recommend that such modifications occur in order to improve the overall management of the department and to facilitate many of the recommendations contained within this report. In large part these modifications will facilitate the role of the Director as it relates to more proactive work like strategic planning, developing and instituting policies and procedures, and becoming more involved as part of the overall management team of the Town administration. Specifically, the Foreman and Departmental Assistant will be very involved with the roll-out of the CMMS as it relates to work assignments and workload. Job descriptions and titles for each of these positions would be modified and negotiated as needed through the collective bargaining process reflect to additional responsibilities.

B. The DPW should also create a supervisory position for the Water and Sewer utilities. Currently, the Foreman is responsible for supervising multiple crews in all sectors of the operation, which limits the span of control and reduces the time necessary to adequately work with the Director on the previously described more proactive efforts related to strategic planning, capital investments and developing appropriate policies and procedures for the department.

2. <u>Staffing for Stormwater Management</u> – Stormwater management is now a critical non-discretionary aspect of the DPW operations, similar to water and sewer operations. Beyond adding an additional laborer to the DPW staff for stormwater maintenance tasks, the Town has no in-house technical expertise related to stormwater management and instead to rely on Kleinfelder engineers. Stormwater management has also added another responsibility to the significant workload of the DPW Director. Engineering firms can and do play an invaluable role in shouldering the technical work of DPW departments. They are an expensive option, however, and there are tipping points when it is advantageous to have some in-house expertise. Community Paradigm believes that the DPW would benefit from having a Town

Engineer on staff, with experience in stormwater management, who could be assigned over some of the ongoing responsibilities of the stormwater program, the MS4 administration and reporting, managing the Kleinfelder (or other consulting engineers) contract, and advising and overseeing the DPW staff (laborers) on their stormwater tasks. Further, the DPW is moving in a direction to implement CityWorks, a GIS/work order software application. Currently, Kleinfelder is providing significant support for this implementation. A Town Engineer would be invaluable to the DPW in overseeing the CityWorks application for the Department, lessening the heavy reliance on Kleinfelder, and providing the link between CityWorks and the Town on managing this software application, particularly as it relates to asset management.

A Town Engineer would also assist the DPW Director with planning and oversight of the many capital projects (including non-stormwater) the DPW undertakes including the pavement management system related projects. Lastly, having a Town Engineer could be an important piece in succession planning for when there is a transition in the DPW Director position. The salary plus benefits of a town engineer would likely be in the \$110,000-115,000 range. Some of this cost can be offset by a reduction in the cost of the Kleinfelder contract. A timeframe for implementing this recommendation is in the next 2-3 years.

2. Overall Staffing – As noted, the Millis DPW has total staffing of approximately 4 FTEs less than peer communities. While the Town benefits from efficiencies realized through cross-training and cross-assignment of staff, it is likely that the current staffing is deficient. It is recommended that the Town add two additional laborers to assist with ongoing projects. This may eliminate the need for the one additional seasonal employee that has been hired over the last few years to supplement the usual hiring of two seasonal workers, and provide year-round coverage for projects and winter operations. Obviously, the ability of Millis to fund these positions is dependent upon savings in other areas that could be dedicated to this purpose, or through a portion of new tax revenue that will occur through new developments that are occurring within the Town.

5. Miscellaneous Issues/Additional Recommendations

In addition to the Findings and Recommendations that have been identified in the previous defined sections of this portion of the DPW Study Report, Community Paradigm has identified a number of other issues and recommendations that relate to the DPW. These items are described within this section as observations and recommendations.

- 1. <u>Town-Wide Facilities Department -</u> Like most of the communities in the sample, Millis does not have a centralized Facilities maintenance department, resulting in duplication and lost opportunities for savings. Most of the peer communities are beginning to have that realization and are beginning to move to some level of centralization of facilities maintenance. A number of larger communities have already taken this step. During the interviews with members of the School Department, there was support for the idea that such a combination of facility maintenance of school and non-school buildings would be an effective method to facilitate cost-effective building maintenance efforts. This may or may not be best administered as a division of DPW but, there should be continued discussions with the School Department and the Town administration.
- 2. Transfer Station/Recycling Center The Town provides trash disposal and recycling at its Transfer Station and Recycling Center on Environmental Drive. Residents pay \$85 for an annual sticker (\$30 for residents 62 years of age and over) to use this facility. Hazardous waste can be brought to the Norfolk Transfer and Recycling Center as part of a regional collaborative Millis participates in. Currently, approximately 700 stickers are sold annually generating approximately \$110,000 per year for the Town. Based on sticker sales, less than 25 percent of the 3000 households in the Town use the Transfer Station with the remaining households presumably contracting with private haulers directly for this service. The Transfer Station is open Wednesday for seven hours and Saturday for six and one-half hours. One DPW Operator is assigned to the Transfer Station. In addition to staffing the transfer station on Wednesday and Saturday, the Transfer Station Operator delivers waste and recyclables containers to the appropriate private facilities on the other days of the

week using a Town owned Freightliner roll-off truck. The FY19 budget for the Transfer Station was approximately \$105,000, excluding employee benefits. Community Paradigm believes, however, that staffing costs may be understated if the staff time to transport waste and recyclables is included in the Transfer Station budget. Further, the cost of disposing of recyclables continues to increase for most communities as the market for selling recyclables has contracted. As most municipal officials know, there are few town services near and dear to the hearts of residents as trash disposal. This makes any change in this service challenging. That being said, only 700 households purchase stickers for the Transfer Station and if this figure decreases further, either the sticker fee will have to be increased or general fund/tax levy revenues used to subsidize the cost of operations. While not an immediate priority, the Town should begin to analyze and develop a long-turn plan related to trash disposal and recycling.

- 3. <u>IT Support</u> A weakness that has been noted in previous management studies for the Town of Millis is the absence of IT support that would normally exist in an organization of such size and complexity. This issue will continue to have ramifications for ongoing operations and could be problematic for the implementation of the recommended CMMS, as noted in prior findings and recommendation. The Town should consider the possibility of obtaining a staff position for this purpose, combining with the School Department for IT support, supplementing with a private vendor, or a combination of some or all of the above.
- 4. <u>Direct Entry of MUNIS Data</u> Related to the issue of IT support is the utilization of the MUNIS system that the Town utilizes for its financial management. The Town, and the DPW in particular, should be moving to direct entry of data into the MUNIS system by staff to gain efficiencies by eliminating duplicative steps to manage departmental finances.
- 5. **Park and Cemetery Work Allocation and Accounting** As noted within this report, the Town of Millis is to be commended for the manner in which it has utilized enterprise funds for its utilities and acted to ensure full cost recovery in its setting of rates. It manages the Transfer Station costs in a similar manner though not as an

enterprise as described within the Massachusetts General Laws, and not on a full cost recovery basis. However, like most communities it does not account for the costs of maintaining these public spaces. Data related to such costs will likely be more easily attainable with the recommended CMMS and should be segregated in order to provide an understanding of the resources used and/or needed.

6. <u>Communications and Public Information</u> – The DPW should utilize its currently available information and future data from CMMS, and other relevant data to communicate with local officials and the public regarding plans, projects and workload. Such information is useful in providing a greater understanding of the mission and activities of the DPW. This will benefit those that need to utilize such information to make operational and administrative decisions, and the public to understand how their investment of resources is being used. The significance of the mission of the DPW within the local government is often overlooked.

VI. Conclusion

This Report has noted that the results of the assessment conducted during this DPW Study have indicated a Department that is operating adequately for the Town of Millis. The DPW is doing a number of things quite well but needs to be more pro-active in its approach, and should utilize more technology and sophisticated methods for assigning and tracking work tasks and asset management. A major factor in many of the issues of the Department are as a result of the structure that has been in place for a number of years which limits the capacity of the department management. And, the Department has not had the resources to make a number of improvements in processes and implementing some projects. It is expected that additional resources will be available in the near future through several large development projects that will have minimal impact on most departments in the Town. A portion of the new revenue from these developments should be used to invest in the infrastructure of the Town through increased maintenance efforts and capital investments. The major issue of how the enterprise funds are utilized and fees set is an issue that will largely be addressed with increased information and continued analysis but, is seemingly appropriate for the present-time.