



Massachusetts Municipal Association

MMA BEST PRACTICES SERIES

Recommendations for Effective Local Government Administration and Management from MMA Policy Committees

January 2017 • Volume 2 • Number 1

MMA Fiscal Policy Committee

Best Practice Recommendation: Revenue and Expenditure Financial Forecasting

BEST PRACTICE: Adopt as a policy or practice the use of financial forecasting to evaluate policy options and to inform decisions that could have a fiscal impact on the municipality. Financial forecasting involves the careful analysis of data and the development and regular review of multi-year revenue and spending forecasts into the local decision-making process on budget and finance issues. The development of forecasts should include clearly stated methods and assumptions that are understandable and publicly available. Forecasting can involve sophisticated techniques, but simple forecasts using readily available information can be valuable and a good starting place for many cities and towns. The purpose of a forecast is to ensure the fiscal sustainability of the city or town as major decisions are being made on operations, capital spending and long-term liabilities.

The Government Finance Officers Association recommends that governments use financial forecasting of revenues and spending as a decision-making tool to identify trends that could have an impact on the fiscal health of the government and the ability to provide public services. Forecasting should cover multiple years and be reviewed and updated regularly. The GFOA recommends that a forecast – and the methodology and assumptions upon which it is based – be shared with all stakeholders. The GFOA recommends that forecasting include an analysis of economic information, such as business cycles and relevant demographic data. The GFOA recommends that forecasts be linked to decision-making on issues that have a long-term impact on the government. Forecasting is used to enhance decision-making in a wide range of areas, including the development of policies on government reserves, fiscal sustainability, and capital improvement plans and spending.

The Division of Local Services recommends revenue and expenditure forecasting as a useful tool to help cities and towns evaluate policy choices that would have a multi-year impact on local finances. Like the GFOA, the DLS recommends multi-year forecasting with careful attention paid to methodology and data. The DLS recommends that cities and towns take a “moderately conservative” approach in forecasting revenues. Examples of decisions that would benefit from forecasting include deliberations on collective bargaining agreements, financing new school buildings that require debt payments, and determining the impact of business or residential development on municipal revenues and expenses.

Resources:

From Government Finance Officers Association: www.gfoa.org/financial-forecasting-budget-preparation-process

From Division of Local Services: www.mass.gov/dor/docs/dls/mdmstuf/technical-assistance/best-practices/forecastrevenuesandexpenditures.pdf



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MMA Fiscal Policy Committee

Best Practice Recommendation: Long-Term Debt Management

BEST PRACTICE: Adopt formal written policies and rules governing the issuance of long-term debt and the management of debt service. The use of debt by cities and towns to invest in capital resources is a serious undertaking with a significant impact on municipal finances. The issuance of debt generally imposes long-term financial obligations on the municipality, while sound investment in capital assets, such as municipal and school buildings, roads, and public utilities, can improve the local economy and local fiscal conditions.

Formal debt management rules can be helpful in structuring and implementing local long-term capital investment plans in a sustainable and affordable manner.

The Government Finance Officers Association recommends that "state and local governments adopt comprehensive written debt management policies," and recommends that government officials consider setting limits on debt based on legal restrictions and public policy and financial considerations. This would include rules related to debt levels, such as debt payment as a share of property values or municipal revenues. The GFOA also recommends that governments establish rules governing the term of debt issued, as well as other debt structure and management practices, such as how bond proceeds will be invested.

Comprehensive debt management policies should include a framework for post-issuance compliance, including the timely filing of annual reports, financial statements and notices of material events.

The Division of Local Services recommends that municipal finance officers meet periodically with municipal departments to ensure that there is a common understanding regarding the availability of bond authorizations for capital and other purposes and how the timing and amount of bond proceeds align with actual spending needs.

Resources:

From Government Finance Officers Association: www.gfoa.org/debt-management-policy

From Division of Local Services: www.mass.gov/dor/docs/dls/mdmstuf/technical-assistance/best-practices/understandingmunicipaldebt.pdf



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MMA Policy Committee on Personnel and Labor Relations

Best Practice Recommendation: Managing Health Insurance Plan Design to Reduce OPEB Liability

BEST PRACTICE: Make use of available tools as soon as possible to slow the growth of Other Post-Employment Benefits (OPEB).

Cities and towns face a \$30 billion OPEB liability, and this liability will continue to grow at an unsustainable rate if no action is taken. Implementing plan design changes for active employees and “active retirees” is an important step in managing future OPEB liabilities. Municipalities should also review contribution ratios and compare them with the statewide average to determine if there are potential savings to be had by adjusting their ratios. Municipalities should also consider implementing systems to allow current employees to invest in private retirement savings accounts.

The 2011 municipal health insurance reform law (Chapter 69 of the Acts of 2011) provided cities and towns with tools to contain municipal health insurance costs. Since its passage, this law has helped municipalities avoid \$1 billion in health insurance-related expenditures. Under the law, municipalities can implement plan design changes to adjust copays and deductibles up to the standards used for state employees in the Group Insurance Commission benchmark plan. Making plan design changes for plans that cover active employees is an effective way to address OPEB costs because a large number of individuals on these plans are “active retirees” – the pre-65 early retirees who are not yet Medicare eligible. Municipalities that have not used the 2011 reform law, or other methods, to implement plan design changes should consider doing so as an important step in reducing the future OPEB liability that taxpayers would have to fund.

Another approach to containing municipal health insurance costs and reducing OPEB liabilities is reviewing the savings that would result from adjusting the contribution ratios for retiree plans. State law allows municipalities to set the taxpayer-retiree ratio at 50-50. The statewide average is approximately 75-25. A best practice is to conduct an analysis of existing contribution ratios and examine the potential reduction in the long-term OPEB liability, especially if the municipal contribution rate is higher than the state average. Unfortunately, municipalities that used Chapter 69 to implement plan design changes may have to wait until 2018 to implement retiree ratio changes, due to a temporary moratorium imposed by state lawmakers. Since OPEB savings decline with delays, communities should consult with counsel to determine whether the moratorium applies to their circumstances and take action as soon as feasible.

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Finally, as benefit packages change over time, municipal managers should consider developing systems for new and current employees that encourage employees to save for their health care needs in retirement, beyond the benefits provided by cities and towns. Private health savings accounts offer employees the benefit of lowering their taxable income, and they can use their savings and investment returns to supplement any of the benefits they are entitled to receive in retirement.



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MMA Policy Committee on Personnel and Labor Relations

Best Practice Recommendation: Replacing Civil Service with Modern Personnel Systems to Manage Public Safety Departments

BEST PRACTICE: The management of police and fire departments is an increasingly sophisticated responsibility, with modern community policing practices, advanced fire suppression techniques, and knowledge of complex tactics, technology and human behavior becoming the norm. In order to meet the needs of modern public safety departments, many communities are seeking to establish personnel systems that provide chiefs and hiring managers with the flexibility they need to staff their departments with the most qualified candidates, as opposed to the more rigid, test-based structure imposed by the Civil Service system. While many communities already exempt their police or fire chiefs from Civil Service, more communities are considering doing so for all of their public safety employees.

When electing to leave the Civil Service system in these cases, municipalities should be ready to go with a comprehensive personnel system that reflects the needs of the community. Labor leaders should be consulted during the decision-making process, including discussion of the departure from the Civil Service system and the establishment of the new framework. The goal would be a system that gives chiefs and hiring managers needed flexibility in making personnel decisions – flexibility that they do not have when operating under the antiquated Civil Service system.

As a city or town considers leaving the Civil Service system, the issue of preference for veterans is certain to be raised, so it is important to prepare for this discussion. The existing Civil Service system gives veterans substantial preference in the hiring and promotion process. Municipalities must decide if they want to include similar preference in their new policies, or give those making personnel decisions more flexibility. Veteran status is an important consideration, but a sound system should also allow communities to recruit, retain and promote the most qualified candidates. It will be important to work with local stakeholders to create a system that does not bind the hands of chiefs and hiring managers.

A number of cities and towns that have elected to exempt either chiefs or entire public safety departments from the Civil Service statutes have received local approval and navigated the home-rule petition process. Municipalities that are considering this option now or in the future should examine the personnel systems that these communities have adopted. While there is not a “one-size-fits-all” solution, these frameworks can serve as a starting point for developing a

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policy for your municipality. Below is a list of municipal officials who have been successful in leading their communities out of the old Civil Service system and installing a more dynamic and accountable system in its place. Copies of their policies can be obtained by contacting the MMA's Legislative Division at ndowning@mma.org or (617) 426-7272.

Resources:

Burlington Town Administrator John Petrin: (781) 270-1635

Wellesley Police Chief Terrence Cunningham: (781) 235-0062

Norwood Police Chief William Brooks: (781) 440-5150



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MMA Policy Committee on Municipal and Regional Administration

Best Practice Recommendation: Establish Formal Policies and Procedures for Managing Requests for Public Records

BEST PRACTICE: Adopt formal policies and procedures and accompanying forms and checklists to ensure that requests for public records are appropriately received and complied with under state law and regulations.

The recently updated public records law places an increased burden on cities and towns, including tighter deadlines for responses, a more bureaucratic process that places greater administrative responsibilities on municipal and school staff, and higher costs due to reductions in allowable reimbursements. The new requirements will be difficult for all communities to implement. Those cities and towns that adopt formal policies and procedures on the processing of public records requests will be in a better position to mitigate at least some of the impacts of the new law.

Responding to Requests

1. Appoint a chief records access officer to coordinate the intake and response to public records requests by other access officers and records custodians to ensure consistency of administration and compliance with the law.
2. Establish and publish written procedures for intake and compliance, including record keeping and timelines.
3. Hold regular training sessions for municipal officers and employees to ensure familiarity with the law and regulations governing what constitutes a public record and how to be in compliance with the law.
4. Establish local rules for municipal record keeping, including use of technology, to make searches for records more efficient and to facilitate the determination of applicability of the law to individual records.
5. Create form letters, checklists and templates for all steps in the intake and compliance process.
6. Regularly evaluate and update procedures to ensure compliance with the law.
7. Maximize the number of public records that are posted on the municipal website.
8. Hold training sessions on the records retention law and regulations and develop local rules as needed.

Resources:

From secretary of state, general information: www.sec.state.ma.us/pre/prenotice.htm

From secretary of state, FAQs: www.sec.state.ma.us/arc/arcrrs/general-questions.htm

Public records law regulations: www.sec.state.ma.us/pre/prepdf/950-CMR-32-00-2017-Edition-final.pdf

Records retention schedule: www.sec.state.ma.us/arc/arcpdf/Municipal_Retention_Schedule_20161109.pdf

Text of the law: <https://malegislature.gov/Laws/SessionLaws/Acts/2016/Chapter121>



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MMA Policy Committee on Transportation, Public Works and Public Utilities **Best Practice Recommendation: Transportation Infrastructure Asset Management**

BEST PRACTICE: Take a comprehensive approach to transportation infrastructure asset management, including the use of a comprehensive inventory database, life-cycle management systems for all asset categories, and GIS mapping and other applications.

Keeping an inventory of transportation infrastructure assets is an effective planning tool for municipalities and is essential for effectively maintaining and replacing these assets. Transportation infrastructure asset management gives municipalities a way to ensure public safety and comply with federal, state and local laws.

The Subcommittee on Asset Management of the American Association of State Highway and Transportation Officials describes transportation asset management as “a strategic and systematic process of operating, maintaining, upgrading, and expanding physical assets effectively through their life cycle.” It is important to track and consider the state of transportation infrastructure assets such as traffic signs, traffic signals, pavement and sidewalks, drainage systems, parking meters, handicap ramps, crosswalks, curb cuts, bicycle accommodations, or other related transportation infrastructure assets.

A transportation infrastructure asset management database can assist municipalities in the development of capital plans for maintenance, repairs or replacement. Many communities use pavement management systems to keep track of road conditions and determine which roads are most in need of repaving and reconstruction. Pavement management systems can assist in the planning of preventative maintenance activities that can extend the useful life of roadways. Regular maintenance of municipal roads can be performed at lower cost than full reconstruction, and pavement management programs save money in the long term by extending the pavement life cycle. When roads are not adequately maintained, they are more expensive to repair. Effective pavement management programs should integrate and coordinate with utility repairs and replacement when feasible.

Municipalities can use GIS mapping or other software programs and applications to track transportation infrastructure assets, including location, quantity, condition and other attribute information. Asset management systems and mapping are useful tools for tracking and reporting the condition of assets, capital planning, and the development of maintenance, repair or replacement strategies. Many programs are targeted for municipal DPW use, while others allow municipalities to engage residents in the process through citizen submissions of repair needs via municipal social media.

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Transportation asset management programs are necessary in order to forecast long-term investment needs and develop a framework that facilitates project prioritization, repair schedules, and capital funding requirements.

Resources:

Federal Highway Administration Asset Management Division: www.fhwa.dot.gov/asset

FHA Pavement Management Primer: www.fhwa.dot.gov/infrastructure/asstmgmt/pmprimer.pdf

Performance and Asset Management Advisory Council report:
www.massdot.state.ma.us/Portals/8/docs/triennial/PAMAC_HwyTam011516.pdf

American Association of State Highway and Transportation Officials: www.transportation.org

American Public Works Association: www.apwa.net



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MMA Policy Committee on Transportation, Public Works and Public Utilities

Best Practice Recommendation: Coordination of Infrastructure Work With Utility Companies

BEST PRACTICE: Develop a strategy for coordinating infrastructure work with utility companies.

Municipal officials are justifiably concerned when utility companies perform disruptive work beneath roadways and sidewalks that have recently been paved or reconstructed. Improved coordination and cooperation between municipalities and utilities will save time and money for both parties and improve the quality of life for residents. Communities can preserve local taxpayer dollars and Chapter 90 road construction funds if they can convince utility companies to schedule the maintenance and repair of underground utility infrastructure so that it takes place during or prior to municipal road projects.

One key part of utility coordination is establishing relationships and assigning key point people locally to manage these issues. Many potential conflicts can be avoided when municipal officials and utility representatives know whom to contact and receive regular updates on municipal and utility work. It is important to identify a contact for emergency situations.

Municipalities should consider designating a municipal employee as the primary contact on utility issues. This person can share information with other municipal departments and serve as the contact when utilities need to notify the municipality of a project. Cities and towns should also maintain a list of names and contact information for the key liaison officials at every utility that operates in the municipality.

Municipal officials and utility representatives should meet frequently to review pending roadwork projects and discuss details and implications. This could also be a good time to check in on issues such as double poles, gas leaks, and new utility connections. Large cities might hold these meetings once a month. For smaller communities, it may make sense to have meetings less often.

Whenever feasible, municipalities and utilities should share capital plans for projects for several years out. This practice is helpful in allowing both parties to plan ahead and to help resolve conflicts. Municipalities and utilities must recognize that these plans are subject to change, which is why regular communication is the best approach.

Municipalities may also consider and support the concept of stakeholder partnering at the statewide level. Stakeholder partnering is a Federal Highway Administration "Every Day Counts" initiative that enables collaboration and communication on transportation projects.

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Resources:

Special Commission on Utility & Municipal Coordination report: www.mass.gov/eea/docs/dpu/sp-util-comm-report.pdf

Fixing Our Pipes: Coordinating Natural Gas Main Replacement Between Local Governments and Gas Companies - Metropolitan Area Planning Council, Home Energy Efficiency Team
www.fixourpipes.org

Federal Highway Administration "Every Day Counts": www.fhwa.dot.gov/innovation/everydaycounts



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MMA Policy Committee on Energy and the Environment

Best Practice Recommendation: Stormwater Public Awareness and Public Education

BEST PRACTICE: Use resources available to municipalities to educate residents and businesses on stormwater pollution and how they can help maintain water quality. This practice is a companion to the 2016 best practice: Join a Stormwater Management Coalition (January 2016, Volume 1, Number 14).

The recently released Massachusetts Municipal Separate Storm Sewer System General Permit, known as the MS4 permit, will regulate stormwater in approximately 260 municipalities. The MS4 permit requires communities to provide outreach materials about stormwater to four different audiences: residential, commercial, developers and industrial. The Massachusetts Department of Environmental Protection has provided educational materials that can be customized by cities and towns to meet the requirements of the MS4 permit. Educational materials are also available from U.S. Environmental Protection Agency and stormwater coalitions.

In addition to meeting the requirements of the permit, it can be helpful for communities to consider how they can educate the public on the overall issue of stormwater runoff and find ways to involve residents in stormwater management. To comply with further stormwater permits, municipalities will have to allocate more funds toward stormwater and general water infrastructure costs. Municipalities may struggle to get buy-in from residents who do not have a clear understanding of stormwater runoff and the problems caused by stormwater pollution.

Municipalities should consider the following strategies to educate the public about stormwater and to get residents involved:

- Develop a stormwater education campaign to educate various audiences and communities about stormwater pollution, its causes, and how those audiences can help to improve water quality. Some states and cities have conducted stormwater education campaigns that can be used as models. The city of San Diego and state of Maine used the "Think Blue" campaign to educate various audiences and communities in a simple and effective way about stormwater pollution, what causes it, and how they can help to improve water quality. Municipalities may want to enlist the assistance of the town's cable television department, local colleges, or vocational schools to work on projects related to stormwater, such as creation of a public service announcement, educational programs and mapping.
- Develop and promote educational programs in schools. Students could be educated through reading materials, field trips to learn about the work done by local DPWs, or a project such as making a video about stormwater.

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- Partner with others working on stormwater education through statewide organizations, regional stormwater coalitions and nongovernmental organizations.
- Identify and share the work being done by departments in your community related to stormwater, and start an interdepartmental working group. These steps can help to accurately determine costs and share materials. This information is important to ensure full awareness by all departments working on the issue, and will allow local taxpayers to better understand that stormwater issues have cost implications across many municipal departments.

Resources:

Department of Environmental Protection: Stormwater Outreach Materials to Help Towns Comply with the MS4 Permit
www.mass.gov/eea/agencies/massdep/water/wastewater/stormwater-outreach-materials-for-ms4-permit.html

U.S. Environmental Protection Agency: Background on Massachusetts Small MS4 General Permit
www3.epa.gov/region1/npdes/stormwater/MS4_MA.html

National Association of Clean Water Agency's National Stormwater Advocacy Network
www.nacwa.org/index.php?option=com_content&view=article&id=382&Itemid=100

National Municipal Stormwater Alliance: <http://nationalstormwateralliance.org>

Think Blue Maine Campaign: www.thinkbluemaine.org



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MMA Policy Committee on Energy and the Environment **Best Practice Recommendation: Municipal Energy Plans**

BEST PRACTICE: Work with all municipal departments, stakeholders and utilities to develop a comprehensive energy plan for municipal buildings and facilities that will cut costs, reduce energy use and encourage the use of renewable energy sources and green energy.

Cities and towns should engage utilities, energy suppliers, municipal departments and community stakeholders to develop a plan that analyzes municipal energy use, needs and resources. This plan should include a review of costs and benefits, and incorporate specific targets, metrics and timelines related to future energy consumption. The benefits could include cost savings, energy efficiency, and positive environmental impacts.

Whenever feasible, municipalities should consider immediate action on items that have a clear payback, including the use of energy-efficient light bulbs, occupancy sensors, LED streetlights, building upgrades, and efficient heating and cooling to promote energy conservation in municipal buildings and schools.

Municipalities can also promote the use of renewable energy and incorporate renewable energy into the community's energy usage portfolio. One way to do this is through municipal solar projects. Municipalities should also consider energy storage, which can accommodate fluctuations in renewable energy production and meet peak load demands more efficiently.

Municipalities should work with their energy supplier to learn about strategies to cut costs. Municipalities can also lower costs through "load management" programs, which involves reducing energy usage at peak times by considering early or strategically scheduled closure of buildings or facilities on expected peak days. Load management initiatives could include residents and businesses as well. Capacity and transmission charges are based on energy consumption during peak hours, and lowering usage during peak periods will save money.

Municipalities should promote the use of fuel-efficient or electric vehicles to lower carbon emissions from the transportation sector. (This is one element of the city of Somerville's goal to become carbon-neutral by 2050.)

Effective municipal energy plans will also include an outreach and education component to provide information to municipal employees and residents. Municipal employees will feel more engaged in energy conservation if they understand the importance of these changes. Developing programs for residents to learn about clean and renewable energy and energy conservation is another important step that communities should consider.

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Resources:

MunEnergy: www.mma.org/about-mma/munenergy

"Ten Simple Strategies for Reducing Municipal Energy Costs," from the MMA's Municipal Advocate magazine
www.mma.org/sites/default/files/resources/energy_cost_strategies_0.pdf

Environment Massachusetts Research & Policy Center Report on Renewable Communities
www.environmentmassachusettscenter.org/sites/environment/files/reports/Renewable%20Communities%20-%20screen.pdf

