



TOWN OF SUDBURY
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Date: Thursday September 4, 2009
To: Board of Selectmen
From: Maureen G. Valente, Town Manager
Subject: Response to Budget Review Task Force (BRTF) Final Report

Town department heads were asked by me to review the final report of the BRTF, so that I could prepare this memo for you. We felt there were certain points that needed clarification or amplification. As you know, most Town senior staff met with the BRTF at least once during the course of their work to explain the services we provide, but we were not asked to provide any comments as they developed their recommendations. I have provided comments in this memorandum addressing three of their recommendations. The complete memos from the responding department heads are attached at the end of this memo.

As a general observation, I would note that the BRTF final report could be clearer in noting that many of their recommendations have in fact been previously established as goals and projects of Selectmen, Town staff, or other town officials and significant work was already in progress toward bringing those goals into reality. The BRFT has certainly been a catalyst in focusing attention and support for these efforts, and has also contributed new ways of looking at some of these projects. Each added piece of analysis and emphasis improves the Town's chances of solving some of the thornier challenges Sudbury faces. And, I would also like to add my appreciation to the members of the BRTF for their willingness to dedicate time to the Town.

Install a Route 20 sewer line, plant, leaching field and related facilities.

Town staff comments: This has been a long standing goal of the Board of Selectmen, and BRTF members were provided with many of the documents which have been developed in recent years containing this goal, including the Sudbury Master Plan, *Sustainable Sudbury*. The Town has been systematically examining and eliminating various options to develop this sewer capacity as well as seeking grants to assist with the cost of such analysis. Most recently the Town commissioned soil testing of several town owned properties.

- 1. Appoint an interim sewer Commission*** Town staff comments: The Town already has a Technical Advisory Committee which "oversees the initial feasibility activities, followed by the coordination and facilitation of all activities necessary to implement the sewer project until such time as a Sewer Commission is appointed and operational". There is no need for another committee.
- 2. Hire a part-time professional to take the Town through the funding and permitting process.*** Town staff comments: We agree that, once a parcel has been identified, this will be a useful step to take.

3. **Appoint a Sudbury Sewer Commission.** Town staff comments: Once feasibility of construction is determined, the Board of Selectmen will develop options for governance of the sewer system, which may include discussions with the Sudbury Water District about forming a joint Water/Sewer District and Commission. (Note: the report indicates that the Town is collecting the names of interested parties to form an interim sewer commission to oversee and develop the initial stages of the process.” This is not accurate and no names are being collected at this time by the Board of Selectmen or Town staff).
4. **Other “next step recommendations”.** Town staff response: We agree with most of these since most have been previously outlined in prior documents and reports.

Validate and Pursue Regionalized Public Safety Administration.

Town staff comments: The Town of Sudbury’s public safety departments have long participated in regional entities, each established to address a common concern among member towns. For example, Sudbury belongs to District 14 for fire services which provide group purchasing, mutual aid, wide area communications, and a technical rescue team among other services, and this consortium provides a technical rescue team so that each town does not need to establish one. Sudbury belongs to METRO-LEC (Metropolitan Law Enforcement Council), a consortium of more than 43 local police and sheriff departments in the metropolitan Boston area who help each other by providing six specialty services, including a Canine Unit (K9); a Computer Crime Unit (CCU); a Crisis Negotiation Team (CNT); a Mobile Operations Motorcycle Unit (MOP); a Regional Response Team (RRT) and a Special Weapons & Tactics (SWAT) unit. There are other regional public safety entities Sudbury belongs to for other specialized purposes.

The BRTF report does not articulate a purpose for regionalizing other than to save money. Fire Chief Ken MacLean and Acting Police Chief Rick Glavin attended a “Regionalization Tool Kit” conference recently, where a session on “Police and Fire Consolidation” was conducted by Tom Dubas, the Chief of the Lackawanna County PA Department of Emergency Services, and principal consultant to the Essex County, Massachusetts regional emergency dispatch center initiative. Chief MacLean and Chief Glavin noted at this conference Mr. Dubas’ contention that creating such regions is rational when driven by some compelling reason, such as proximity of facilities, contemporaneous departure of department heads, inability of a community to provide for its own needs, and so on. He stressed that the pursuit of savings as the prime motive will result in failure.

The June 30 update provided by the BRTF in the final report is accurate in that the Town Manager, Fire Chief and Police Chief are pursuing collaborative opportunities of mutual advantage with other municipalities, following the premise of ‘compelling reason’ where operational benefits flow to each of the partners.”

Health Insurance.

Town staff comments. Before the BRTF was created, Town and SPS officials and staff had already invested a great deal of time evaluating options for changes in health insurance, documented the information contained in the BRTF report, and developed health insurance changes that could achieve savings in the range of \$1.3 million when fully implemented for Town and SPS employees only. (Note: The BRTF estimate of \$2 to 3 million in savings includes changes for Lincoln-Sudbury Regional High School employees as well as Town and SPS employees. Since L-S is a separate entity from the Town with separate health insurance plans, Town staff is not addressing L-S health insurance issues in this memo.) It cannot be overstated how much due diligence was done by staff over a lengthy period of time to prepare the Town and the employees for health insurance changes.

As noted by the BRTF, changes in health insurance must be negotiated with collective bargaining groups. This was being undertaken by the SPS School Committee and Board of Selectmen/Town Manager as each three-year contract came up for renewal. Staff recommendations focused on retaining our own Town sponsored health insurance plans, but changing the design of the plans to be similar to GIC plans, and increasing the amount of employee contribution to the insurance plans. Drawbacks and alternative calculations of potential savings of the GIC option are included in the attached comments from Assistant Town Manager/HR Director Wayne Walker. As he points out the size of the savings estimated was flawed, incomplete or unrealistic in several areas.

September 9, 2009 update: The Board of Selectmen finalized the changes in health insurance plan design and contribution rates for Town-sponsored health insurance plans in the spring of 2009, and as required by law began the change process by meeting with the Employee Insurance Advisory Committee. Following this step, the SPS School Committee was successful in negotiating both plan design changes and contribution rate changes with most of their employees groups and negotiations are ongoing with one remaining group. The Board of Selectmen/Town Manager has implemented identical changes for all non-union Town employees. The new plans retain Blue Cross as the provider but adopt a "GIC look-alike" plan design. The Harvard Pilgrim Health Plan, which employees had previously agreed to eliminate, is no longer offered by the Town; and those employees have joined the new Blue Cross rate saver plans.

Negotiations with police officer, fire fighter, public safety dispatcher and supervisory unions are ongoing. As part of last year's negotiations with the DPW and Engineering unions, which are on a different three-year cycle from other Town/SPS collective bargaining groups, agreement had been reached to change to the new health insurance plans, such change to be effective upon the settlement of the public safety and supervisory contracts.

*Comments by Jody Kablack
Dir. of Planning and Community Development*

I have re-read the report, and have some comments on the section starting on page 20 entitled
REVENUE RECOMMENDATIONS
Commercial Development/Sewers
Install a Route 20 sewer line, plant, leaching field and related facilities

The BRTF recommends the appointment of an Interim Sewer Commission as a first step. I do not think this is necessary, since we currently have the Technical Advisory Committee (which they don't mention at all). The TAC already "oversees the initial feasibility activities, followed by the coordination and facilitation of all activities necessary to implement the sewer project until such time as a Sewer Commission is appointed and operational". There is no need for another committee. The stronger recommendation is to hire a professional (once we have a suitable parcel identified) to go through the funding and permitting process.

In the Update as of June 1, 2009 on page 24, the report states "The town is collecting the names of interested parties to form an interim sewer commission to oversee and develop the initial stages of the process." I am not sure where this came from, but we aren't and this will lead people to believe we are. What we might want to add here is that once feasibility of construction is determined, the Town will open discussions with the Sudbury Water District about forming a joint Water/Sewer District and Commission.

*Comments of Ken MacLean
Fire Chief*

In December, I supplied a response to the Budget Review Task Force preliminary report. A copy is attached. I don't see that the final report deviates much from the original, at least as regards the fire department. The basic proposal from BRTF is to regionalize fire (and police) administration with neighboring towns, anticipating a savings of \$570,000. While the section title on page 18 says "Regionalize Public Safety Administration" the body seems to suggest regionalizing the entire departments. As I noted in my December response, a review of Prince George's County Fire Department in Maryland shows that administrative staff is not reduced by merger, nor is much money saved, but a robust, concentrated staff allows the larger district to offer more services than can the stand alone departments individually.

Yesterday, I had the opportunity to attend the "Regionalization Tool Kit" conference held at Holy Cross College in Worcester. Tom Dubas was the presenter in the morning breakout session called "Police and Fire Consolidation." Tom is Chief of the Lackawanna County PA Department of Emergency Services and has also been the principal consultant to the Essex County regional emergency dispatch initiative over the last year. He is an undeniable expert on merging services in communities of like interests, demographics, and similar needs and desires. It is Tom's contention that creating such regions is rational when driven by some compelling reason, such as proximity of facilities, contemporaneous departure of department heads, inability of a community to provide for its own needs, and so on. He stressed that the pursuit of savings as the prime motive will result in failure.

I am in favor of regions. We belong to several, such as District 14, the Central Middlesex Emergency Services Collaborative (CMEMSC), the Northeast Regional Advisory Council (NERAC), and others. Each of the regions came about to address a common concern among its members. Each region serves those needs well, and in doing so each produces savings for the town. For instance, District 14 provides a Technical Rescue Team so that we don't need one. CMEMSC is busily involved in trying to solve the ALS dilemma which may also produce savings for Sudbury. NERAC acquires, stores, and deploys disaster mitigation and recovery assets we can call upon and don't need to acquire ourselves. None of these regions came about solely for the purpose of saving money, and, if they had, would likely have lost their way searching for a purpose.

As noted at the end of my attached December BRTF response, I think there may be an opportunity to investigate regionalized dispatch following the model in Essex County. Doing so could improve our service by establishing a modern facility with sufficient personnel to adequately field anticipated call volume. Presently, our one dispatcher can be overwhelmed when multiple calls are received. A regionalized dispatch center, while not immune from extreme call volume, will have extra personnel to help buffer the spikes. Release of personnel from desk duty to attend training in a combined facility is much easier than in a one-person operation. Numerous advantages can be identified to regionalizing dispatch, while at the same time possibly providing some savings.

The BRTF report does not articulate a purpose for regionalizing other than to save money. In this sense, I see any initiative coming forth aimed at fulfilling this stated cost saving goal as ill-directed. On the other hand, if someone can find a "compelling reason" to regionalize, success is far more likely. I recommend that any future work on these goals focus on finding common ground with our neighbors, what problems we can solve better together than individually, how we can improve our services, and how our citizens are better served through regionalization in the absence of any pre-conceived reduction in cost.

*Comments by Wayne R. Walker
Assistant Town Manager/Human Resources Director*

The principle recommendation of the BRTF concerning health insurance is that the Town joins the State Group Insurance Commission. They estimate that the savings realized by such a change could be as much as \$3,000,000. While it is certainly easy to articulate a recommendation which may seem simple and straightforward and sensible to taxpayers who read it, this is as you know about as far from simple as you can get. Aside from the inaccurate analysis of potential cost savings our own comprehensive analysis has identified several reasons why this is not a cost effective or logical step for the Town at this time. These reasons are not mentioned or explained and/or are barely referenced in the BRTF report:

The GIC legislation requires the adoption of Section 19 of Chapter 32B of the General Laws, which stipulates that we must bargain with a public employee committee comprised by proportionate representation of members of each collective bargaining unit, plus retirees (by the statute assigned 10% of the vote), and achieve a vote of 70% of this committee to join the GIC.

This "coalition bargaining" process heavily favors school employees being the group(s) which determines the Town's course of action and in fact gives the teacher's union a virtual veto proof majority if they do not wish to join, as they would have well more than 30% of the vote (49.1% for the teachers union) and a total of 69.5% for all school bargaining units. With the Town bargaining units having 20.5% and Town and school retirees 10% of the vote, it is clear that the school personnel would have virtually absolute control over joining or not joining the GIC;

The GIC legislation requires that the Town must contribute to retiree plans at a percentage no lower than the lowest contribution made to active employee plans (i.e. the retiree contribution would automatically have to be increased). Further, while there may be different contribution rates for different type plans (i.e. for HMO's vs. PPO's) all subscribers, active or retiree alike, must be required to pay the same contribution rate;

Although the GIC has a wider variety of plan offerings and carriers, it does not currently offer any Blue Cross/Blue Shield products (even more relevant now as we have eliminated our Harvard Pilgrim Health Care plan and all active employees are on a BCBS plan);

The statute requires a minimum three-year commitment to the GIC, and also requires that the terms and conditions for terminating participation in the GIC must also be negotiated with the coalition bargaining public employee committee;

A vote to join the GIC must be taken prior to October 1 for membership beginning the following July 1, a deadline and time lag that gives even more control over this possibility to the unions;

By joining the GIC, the Town would lose virtually all administrative oversight and control over our employee's health insurance coverage and over our expenditures for this budget item. While it is true the recent history of the GIC with respect to control of cost increases is positive, we have other experiences with State control over local expenditures that are not as positive; and they have been known on far too many occasions to change the rules in the middle of the game.

With respect to their analysis of potential cost savings, it must be pointed out that their assumptions are in some instances very questionable (speaking about the Town and SPS potential savings only). Our own analysis has revealed a potential savings in the range of \$1,300,959, once you consider the actual current cost split between the Town and employees, assume that comparable plans are in fact different from the plans they identify as comparable, and calculate an offset of savings for the requirement to increase the retiree cost split to 75% Town and 25% retiree.

It should also be noted, however, that we agree in concept with several of their recommendations and have initiated action to implement them, with some measure of success. The new collective bargaining agreements for all school collective bargaining units (word received yesterday that nurses group and custodians group have settled with teacher's health insurance model in place) reflect substantial savings by making both plan design and contribution percentage split changes. Also, the Harvard Pilgrim Health Care plan has in fact been eliminated and all HPHC members enrolled in BCBS plans effective October 1.