

**Town of Ipswich, MA**  
**Utilities Department Organizational Analysis**  
**Findings and Recommendations Report**  
**December 4, 2013**

**Introduction:**

Dacri & Associates was engaged to undertake an assessment of the Utilities Department. This study, initiated by the Town Manager was, in part, a response to scheduled retirements of the Director of Utilities and the Electric Operations Manager.

**Executive Summary:**

Based on the analysis outlined below, Dacri & Associates recommends the following:

1. Develop a separate, electric light department reporting to the Ipswich Light Board
2. Eliminate the Utilities Director position and create an electric light department general manager position
3. Do not fill the vacancy created by Gerry Cavanuagh's retirement, allowing the new GM to fully assess the staffing needs
4. Keep the current structure of the electric department intact
5. Change the reporting of the Utilities Customer Service Technician to the new General Manager
6. Maintain, at this time, the current utility billing department within the electric department, reporting to the GM and the Business Manager, with the Business Manager having dotted line responsibility to the Town Finance Director, while providing billing and customer service support to the Public Works Manager
7. Realign Water and Wastewater, reporting to Public Works
8. Realign utility MIS to the town MIS and move the position to Town Hall

**Assessment Objectives:**

The agreed upon objectives for this study included:

- The current organizational structure of the Utilities Department would be assessed and the advantages and disadvantages were to be identified.
- Alternative structures would be proposed and their advantages and disadvantages would be identified.
- Management, skills and staffing needs of the Electric Department would be assessed, identified and understood. Options and alternatives would be proposed.
- Duplications of staffing and services within both Utilities and the Town would be identified.

- Barriers to working relations within the three components of the Utility Department (Water, Wastewater, and Electric) and the Town would be identified.
- Profile of the ideal manager to lead the Electric Department would be determined.

### **Methodology:**

To meet these objectives, Dacri & Associates did the following:

- Developed communications to introduce this initiative to existing managers and staff.
- Reviewed and evaluated the Town's organization charts.
- Studied the respective department's structure, functions, workload and processes.
- Evaluated how each of the components (electric, water and wastewater) within the department and its employees work within their respective department and how the entities worked within the Town as a whole.
- Interviewed all key members of each entity, key employees in other departments (Finance, IT, Public Works), and other officials (Board of Selectmen and Advisory) who could provide valuable input and perspective. A detailed questionnaire was developed prior to the interviews and was reviewed with the Town Manager prior to the meetings.
- Key electric managers of comparable size municipal utilities were interviewed and their organizational structures were evaluated and compared to Ipswich electric.
- A listing of all interviewed is included in this report.

### **Findings and Recommendations:**

#### ***Utilities Department Operations:***

Members of the Utility Department and most Board and Advisory members believe the Utilities Department is well managed and provides good customer service at reasonable rates. Few could cite or recall any customer complaints. Beyond anecdotal evidence, there have been no quantitative studies of customer satisfaction. I would recommend the town consider initiating a resident/rate payer customer satisfaction survey.

An official did raise a significant concern about the management of the wastewater plant. He noted the closing of the beaches and clam beds in 2012, which was the result of the plant's discharging into the rivers due to a mechanical failure of a blower. He further noted that the utilities management failed to notify the board in a timely manner and this episode, in his opinion, points to a serious lack of emergency preparedness.

***Utilities Department Organizational Structure:***

The structure of the Utilities Department is unique. Few other Massachusetts' municipalities have an organizational structure, managed by a single manager, that oversees water, wastewater and electric. The complexity of each, requiring specialized knowledge and education to understand and manage, usually results in placing a specialist at the helm. Where disciplines have been combined, such as Merrimac and Littleton (water and electric), it has often been the result of the town facing a vacancy and having an internal manager available to assume additional management responsibilities.

Ipswich enjoys some advantages with its current structure. The Utilities Department is cohesive; communicates well amongst the three entities; morale appears to be generally high; and the Utilities Director has a staff loyal to him. They have also shared resources (use of an electrician and IT professional) and workload. They have achieved efficiencies with their combined utility billings and the Business Manager and his staff has been cross-trained to assume greater customer service and operational responsibilities.

Having each entity under one roof has also resulted in greater coordination that is evident during storm emergencies (all staff mobilized to respond), new construction and shutoffs (metering, customer service/billing, and Business Manager working together) and use of technology (IT, metering, and electric on GIS and SCADA). Tim Henry's goal was to run Utilities as a business and he has been successful.

While Utilities has generally operated successfully, it has created an operation divorced and separated from the Town. Geography has also contributed to an "us vs. them" mentality, impacting communications, coordination, and cohesiveness between them and other town departments. While both bear a share of any blame, the town as a whole suffers. Operating in a vacuum results in redundancies, missed opportunities and poor communications.

***Electric Department Staffing:***

Gerry Cavanaugh provided the essential technical support to the electric utility and with no other electrical engineer or operations person on staff, a significant void has been created. Most municipal light departments are either lead by an electrical engineer or electric operations manager or one is on staff (see Municipal Light Organizational Structure). Ipswich must take immediate action to engage engineering support. The hiring of a new general manager, with a technical background, could fully address this need.

The current staffing of six linemen is sufficient. However, three are expected to retire over the next five years. A staffing plan should be put in place to address this critical future need.

**Department Organizational Structure:**

While the Utilities operation worked generally well under Tim Henry, I believe it would work better under a different structure. Managing an electric utility has become highly complex. Issues of sustainability, legislative and regulatory uncertainty, infrastructure investments, reliability, power purchase, and customer education on SMART grid require an electric executive at the top. Ipswich would be well served having in place a general manager with a strong electric and business background.

Because of this complexity, I recommend the formation of a separate municipal light department, lead by a strong general manager. Consistent with Massachusetts Chapter 164, this manager should report to the existing Ipswich Light Board. But, as noted below, the new manager must fully understand, accept and value the importance of working, in full partnership, with the Town Manager and all of the other town departments.

Though an electric operations manager or electrical engineer is also needed, I recommend no action on this be undertaken until the new general manager has fully assessed the department’s needs. Tim Henry noted that there would be no immediate urgency to fill this slot. Further, the new general manager may determine this position is not needed. I further recommend that the current electric operation structure remain the same with the utilities customer service technician reporting to the general manager.

IT and Billings will be addressed below.

Prior to the announced retirements of Tim Henry and Gerry Cavanaugh, the staffing of the electric department was adequate. With their departure, the department is obviously weakened. Hiring of a permanent general manager must be the priority.

**Electric Manager Profile:**

The recommended electric manager should be titled General Manager, consistent with the title of most municipal light departments. The ideal manager must have a strong technical background, a bachelor’s degree or BSEE, and significant management and business experience, ideally, from a municipal light department.

**Recommended GM Profile**

<b>Job Priorities</b>	<b>Management Skills</b>	<b>Traits</b>	<b>Short Term Challenges</b>
Organize new department Decide/justify filling open operation’s position (Gerry slot)	Strategic Knows budgets Knows financial Business manager Must know industry	Consultative with town Team player Involved with community Transparent	Replace current manager Balance economic development with open space

Improve working relationship with other town departments Work with Town Manager and finance director on role of utilities business manager Focus on changing department culture to be more collaborative and cooperative	trends Listens Accommodates Deals with employee issues Grows staff Reliable Strong sense of ethics/propriety	Communicates Works with all depts. Involved with town Flexible Trust Integrity Compromise	Deal with change Process improvements Educate self about town Work with Town government
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***Water and Waste Water Structure:***

With the proposed formation of a municipal electric department and the elimination of a utilities director position, water and wastewater should be realigned under the direction of the current manager, reporting up through public works. In doing this, the town will benefit through increased efficiency, better utilization of staff and equipment, increased communications and better management of capital projects.

A single construction crew would be responsible for water, sewer, and highways. A single manager would schedule projects and equipment and when emergencies occur, one person, with full authority, would be able to assign staff quickly, eliminating any confusion, increasing coordination and communications, preventing turf issues and increase utilization of equipment and manpower.

While I believe this structure works best, I do recognize that water and wastewater could function as a stand-alone department under the current manager, reporting to the Town Manager. I do, however, believe, the town would lose any potential efficiencies and resulting cost savings under this latter scenario.

***Utility Billing:***

Utility billing is complex and requires a high level of customer contact. Mark Cousins estimates that foot traffic alone into the office ranges between 25 and 100 people per day, depending on the time of the month, and conservatively between 600 to 800 visitors per month. The nature of the customer visits include bill payments, move in / move outs, service changes, property sales / inspections, meter deposits, new service applications, temporary services, water applications, sewer applications, trench permits, septage haulers, pressure washing permits, sewer connection inspections etc. In addition, they have inquiries and complaints, outage reports, payment plan monitoring & follow up, termination proceedings, review of customer’s claim for protection against service termination. Many of these transactions trigger a need for operational response by the utilities including meter installation or retrieval; door tags for shut off; or start up or shut off of electric and water. Coordination between customer service and operations is made easy by having both under the same roof and operating within the same department. At this

time, moving this group to town hall and reporting to the town finance director would likely disrupt the efficiencies that currently exist, adversely impacting customer service and slowing down response.

The utility billing process itself is different from the town's billing. The town finance director and treasurer acknowledged that it would require a learning process for their staff and the treasurer expressed concern that merging payments under one roof adds complexities and may require additional staff.

At the same time, combining all billing function would provide the town's finance director greater oversight and control. While no irregularities have been found, town oversight remains essential. The town finance director's plan would be to co-mingle the billing process and cross train the staff with the treasurer's staff. By doing this, the town would realize better staff coverage and eliminate the need to send utility receipts to the Utilities office for processing. Beyond this, until the treasurer could obtain a better understanding of the working of the utility billing, the Finance Director could not determine if any other efficiencies and savings would occur.

While the potential for some savings and efficiencies may exist, a strong business case for change does not exist, at this time. While I do not recommend a merger of these groups today, I do recommend that the town finance director and treasurer develop a deeper understanding of utility billing and accounting and actively work with the business manager and his staff. The finance director has the ultimate responsibility for the town's finances and utilities are a significant part of that. As the two groups work closer together, improved efficiencies and coordination are likely to result.

***Utility Business Manager:***

The role of the business manager has grown beyond finance and accounting. Over half his time is spent on nonfinancial and accounting functions, including operations, planning and project management for the three utilities. Tim Henry has noted that Mark Cousins now steps in to lead the utility when he is away and believes he is a possible successor.

Within many municipal light departments, the role of the business manager has grown and is often viewed by the respective general managers as a critical position. As Ipswich prepares to recruit a new general manager, top tier candidates will expect to have a strong business manager on staff. Moving the position and department to the town finance will impact your ability to recruit a quality candidate.

I recommend that the Utilities accounting/billings/customer service group remain intact under the management of the utility business manager, reporting to the

electric general manager. The business manager must also have clearly defined dotted line responsibilities to the town finance director to ensure proper oversight and controls and a reporting relationship with the public works manager when dealing with water and wastewater issues.

I recommend the business manager and his staff continue to process the joint utility billing and provide billing and customer service support to the Public Works Manager. While an exact allocation of time is difficult and often imprecise, half of the business manager's time should now be allocated to electric and the balance to water and wastewater. At Belmont Light, their finance manager and staff handles the water billing for the town and the cost of their time is allocated to the town. Other communities do the same. Ipswich should adopt this model.

The business manager, finance director, town manager, public works manager and new electric general manager should redefine the role of the business manager and put in place the necessary controls and procedures. Recommending multiple reporting responsibilities has its complexities. For it to be successful, expectations must be clear, accountabilities must be in place, and communications and trust must be paramount.

***MIS:***

Currently the Utility MIS manager reports to the town MIS manager. However, the utility manager is listed on the utility organizational chart as reporting to the Utilities Director, performing work only for utilities, and having minimal contact with the town MIS manager. Most of Jeff's work is focused on day to day utility computer needs, SMART grid, metering, electric SCADA, online payment processing and the utility website management. At the same time, the town MIS manager has little or no involvement with the utilities department and staff.

The town MIS manager handles all the other town needs and depends upon third party vendors to assist. He needs additional help.

I recommend that Jeff report to the town MIS manager and move his office to town hall. There he can continue to support utilities remotely while providing support to the MIS manager. At the same time, it is important for the town MIS manager to become more knowledgeable about electric, water and wastewater. The MIS needs of the town utilities continue to grow and it is essential that Greg have strong knowledge of the systems and a working relationship with the utility managers.

While beyond the scope of this study, water and sewer departments in other communities are realizing tremendous benefits through SCADA and GIS systems. Jeff may be a resource here.

***Culture:***

The working relationship between the utility department and the town manager and other town departments is strained. Managers do not communicate freely and this has adversely impacted the town. It is not important to restate every incident reported to me during my interviews, nor is it critical to assign blame, what must be done is to foster a more collaborative culture. Hiring a new general manager for electric will help. Cultural change begins at the top. Moving water and wastewater under the direction of public works will insure greater communications and collaboration at highway and with other capital projects. Consolidating MIS will also be a plus. It will be important to redefine the utility business manager and that of the billing/customer service department role to ensure that any existing silos are eliminated and any new silos are not created.

Beyond personality clashes, communication breakdowns have occurred because of geography. Rarely do managers travel between town hall and utilities. While technology enables one to freely communicate regardless of venue, face-to-face communication is essential in order to break down the barriers and foster a more productive, collaborative culture.

Cultural change is hard, takes significant time to realize, and nearly always faces resistance. The challenge of the new general manager and the current Town Manager will be to ensure this happens. Hiring the right general manager is the first step in the process.

***Conclusion:***

The two retirements provides the town a unique opportunity to realign critical functions, improves coordination and communications, and improve operational efficiencies within public works, water and wastewater, insuring the town an integrated, coordinated system for their municipal services. Further, the hiring of an electric general manager, with the requisite skills and experience, will foster improved working relations with the town, while providing needed technical, business and leadership expertise.

To implement the proposed plan, I recommend you do the following:

1. Immediately begin the recruitment process for the electric general manager. The recommended profile of the ideal candidate is listed above.
2. Bring the public works manager, water and wastewater manager, and town manager together to plan the logistics of the realignment and new reporting relationship, insuring a successful integration.
3. The Business Manager, Town Finance Director, Treasurer and Town Manager must also meet to address the Finance Directors concerns about financial controls, oversight and communications. While no change in reporting has been proposed, expectations and accountabilities should be put in place.
4. The Business Manager, Town Finance Director should meet to address the

logistics of the MIS realignment. Coordination is critical to insure the electric department's computer needs are met.

Creating a successful integration and reorganization process for the respective departments will help establish a position of greater strength and clarity among the town and will take the town into an even better performing future. Operational efficiencies and elimination of redundancies, without impacting services or customer services can be achieved. Although we can never exactly predict the reactions of employees, there is likely to be resistance, particularly in water and wastewater. A key factor—perhaps the key factor in success—will be the ownership and appropriate behaviors of all key managers. Proper leadership and teamwork behaviors will be critical in getting the entire organization to accept the new structure and its accompanying accountabilities.

***Individuals Interview as Part of Study***

1. Tim Henry, Utilities Director
2. Vicki Halmen, Water & Wastewater Manager
3. Mark Cousins, Utilities Business Director
4. Gerry Cavanaugh, Electric Operations Manager
5. Jeff Civitarese, Utility IT Manager
6. Peter Robins, Water Distribution Foreman
7. Utilities A/P & Billing team
8. David Levesque, Customer Service Technician
9. Finance Group (Rita Negri, Karen Repucci, Cori Thurlow)
10. Kevin Merz, Treasurer/Collector
11. Public Works (Rick Clarke and Frank Ventimiglia)
12. Greg Parachojuk, IT Director
13. Charlie Surpitski, Board of Selectmen
14. Nishan Mootafian, Board of Selectmen
15. Jim Engel, Advisory
16. Pat McNally, Board of Selectmen
17. William Craft, Board of Selectmen
18. James Palmer, Belmont Light
19. James Robinson, Holden Light
20. Jay Anderson, Marblehead Light
21. Mark Kelly, Middleton Light
22. Wayne Doerpholz, South Hadley Light
23. Peter Dion, Wakefield Gas & Electric

**Municipal Light Departments Organizational Structure**

<i>Town</i>	<i>Revenue</i>	<i>GM</i>	<i>Bus Mgr.</i>	<i>Billing</i>	<i>Eng/Ops</i>	<i>Line</i>	<i>IT</i>	<i>Purch</i>	<i>Elect Sup</i>	<i>Other</i>
Middleborough	13867	Yes	Office Mgr.	A/P Clk		9	Outsource	GM does	3	
S. Hadley	16209	Yes	Fin Mgr. + Accountant	3	EE Eng; Ops Mgr.	4	Outsource	Outsource	1	Town Payroll
Holden	13220	Yes	Sr. Bookkeeper	Office mgr + 4	Outsource	7	Town	GM does		Town payroll
Marblehead	15064	Yes	Bus Mgr.	5	Eng + Ops Mgr.	10	Outsource	GM does		
Belmont	21000	Yes	Bus Mgr. + staff acct	4	Eng + Ops Mgr.	8	Yes	GM does	Yes	Water & sewer billing
Wakefield	37000	Yes	Office & Fin Mgr.	6.5	Elect sup Chief Eng	8	Yes	GM does		
Ipswich	13784	Yes	Bus Mgr.	3.5	Ops	6	Yes	Mgr. does	2	Water & Sewer Billing

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